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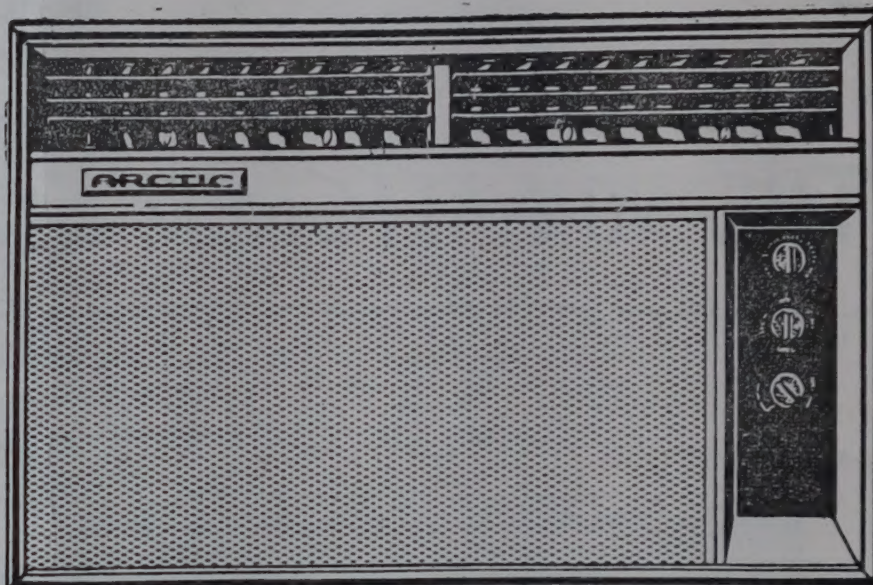
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Call me George

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5 MAY 1977

CONSIDERING that the Janata party and its allies had to form the new government at the centre at short notice and start from scratch after the dislocating interregnum of the emergency regime, they deserve to be congratulated on so swiftly and smoothly settling down to work. They, however, would have done even better had some avoidable lapses and excesses been avoided. For instance, there is at least one minister in the cabinet whose inclusion has been noted with raised eyebrows by such of us as are assuming that the new government is committed to the genuine cleansing of the administration, politics and public life. Again, there are in the council of ministers some obvious misfits, whether in terms of their suitability for ministerial responsibilities as such or in relation to the portfolios assigned to them or both. In fairness to some of them, it must be said that they were practically press-ganged into taking the oath of office.

The prime minister, clearly, has had to make a number of compromises. Many of them were probably beyond the will or wit of any man placed as Mr Desai was to resist or evade. It was just possible, however, that having earned an obstinate reputation for alleged inflexibility, he was understandably reluctant to reject in their entirety the pressures that were brought to bear on him by some of his senior colleagues in the party. There was also the question perhaps of sticking out one's tongue at Mrs Gandhi. The poetic justice of seating Mr Raj Narain and Mr George Fernandes on the treasury benches was certainly overpowering and even Mr Desai was not necessarily to be expected to be free from the human weakness of succumbing to its appeal.

The business of the state, however, is serious business and ministers are obliged to take it seriously. They can do so only if, starting right, they take themselves seriously. The last government had many faults, but also some virtues. One of them was that it could boast of quite a few ministers who knew their job and worked hard at it. Names such as those of Mr T.A. Pai and Mr K.C. Pant leap to the eye and it is a pity that any government in this country should, because of the exigencies of politics, be deprived of the services of such gifted or dedicated individuals, especially as they are not mere politicians in the common meaning of the term. This deprivation, however, cannot be helped—at least for the time being. But this does not mean that the new government can afford to have in important positions ministers who do not compare reasonably favourably with their predecessors.

As it is, it does seem to be the case that considerations relating to the adjustment of the claims of the constituents of the ruling alliance or the demands of regional representation are responsible to some extent for the prime minister settling for the second best or worse in the case of many appointments to the cabinet. In addition, certain leading personalities in the alliance seem to have been unduly demanding in their recommendations. The result is that, as of now, the council of ministers looks untidy, deficient and unfinished. The government, however, is in its early stages and it should be possible for the prime minister, given the unqualified cooperation of his senior colleagues, to reshuffle portfolios or strengthen the fabric of the government by reinforcing it with new selections from the many able or experienced persons who are yet to be drafted for office from the manpower of the ruling alliance. For obvious reasons, there must be a woman minister or ministers. In Dr Sushila Nayar, for instance, this country has had one of its more efficient Health ministers.

Meanwhile, it will not at all be a bad thing if some of our Janata ministers were to let themselves be persuaded that they can keep the common touch without themselves becoming too common. Mr Raj Narain is probably too old to know better and, in any case, he is entitled to be honoured for being sincerely unenthusiastic about bartering his way of life for a portfolio. But, Mr Fernandes is young enough to learn many things—and unlearn even more. “‘Sir’ me no ‘sir’”, he told the officials

of his ministry. This would pass muster, but "Call me George" is too much of a good thing. He should do us all a favour by stopping at "Mr Fernandes". If his officials were to call him "George", how would his cronies hobnob with him? By addressing him as "Georgie boy"?

The truth is that the new government has enough to do without having to be burdened with the wayward public relations of its maverick members. Politicians in office ought to realise that the kind of extended electioneering some of them seem disposed to carry on could be an expensive imposition on the nation. It could also harm the government's credibility besides their own. For instance, nothing could have been more absurd even on the face of it than Mr Raj Narain's declaration in the course of a public speech in Kanpur that the government would give Rs 5,000 as compensation to every victim of compulsory sterilization. He had to eat his words subsequently with the aid of a "clarification" given to Lok Sabha that the new government merely desired that the officials concerned should promptly act on the previous government's decision that families of such individuals as had died within ten days of a sterilization operation should be compensated in cash. Even if we take the "clarification" at its face value, we may still ask how such frightening confusion can exist in the mind of a minister regarding the elementary needs of his portfolio.

burying the programme

The previous government had almost killed the mass sterilization programme as a population control strategy by the administrative excesses inspired and organized by extra-constitutional centres of power. But the present government certainly does not have to seek to bury it by means of the political antics of its less responsible ministers. Mr Desai and his colleagues should realise that it is as necessary to put back the government's population control policy and family planning programme on the rails as it was to put back democracy on the rails and that it is just not possible to pretend that Mr Raj Narain is the man to do this. We need a minister who would re-

commit the resources of the state in money and manpower to the revival and resurgence of the people's understanding of and participation in the national effort to bring down the birth rate and, in the process, chase away the ghosts of coercive vasectomy from the minds and memories of the affected communities in north India. Otherwise, we would be writing off the gains of decades of government and public labours on the pretext of undoing the aberrations of twenty months of mindless political thuggery.

There is a feeling in some quarters that the new government could have avoided presenting a "raw" image had the present session of Parliament been made very brief and limited to minimal urgent business such as the vote on account and perhaps a statement on aims and objectives by the prime minister on the lines of his broadcast of April 4, in addition to or in the form of his reply to the debate on the president's speech. Had this course been followed, the new

ministers could have more promptly got down to the business of educating themselves on their job responsibilities and the work of their ministries. They would no doubt have had to wait till the budget session to get acquainted with members of Parliament, whether of their own parties or of others, or to get a feel of the two houses. Nevertheless, on balance, both the new government and the business of the state would have been the gainer. In particular, the council of ministers would not have given the impression that some of its members are disposed to be rather casual about grasping or discharging their new-found responsibilities. Mr Desai, it is being said, has "mellowed". Whatever this may mean, it ought not to mean that he is going soft in the wrong places. It is never too early for the prime minister to insist on his colleagues functioning as a coherent and credible team. Clowning can be as much of a threat to the collective responsibility of the cabinet as charisma.

Not yet on full steam

THE "VOTE on account" budget for 1977-78 presented to Parliament on March 28, 1977, by Mr Madhu Dandavate indicated a favourable turn in the financial affairs of the railways. The budget disclosed a surplus of the order of Rs 26.45 crores as against a slightly higher surplus of Rs 35.67 crores in 1976-77 (revised estimates). Improved receipts from freight and passenger earnings in 1976-77 were no doubt due the "dedication and high calibre of railway employees at all levels" but the spurt in passenger earnings of more than Rs 50 crores was surely the result of the curbs on ticketless travelling. The earnings from freight offerings were not up to expectation though the shortfall was more than made up by the improved performance in passenger earnings.

While progress in the working of the railways is indeed welcome, it would be wrong to assume that the modest profits could either wipe off the losses of the preceding years or permit the railways to go lax in its administration. It may be

stated here that the total loss of the railways in the three years ending in 1975-76 was Rs 290.45 crores—nearly five times the anticipated profits for 1976-77 and 1977-78. Taking a longer-term view, it will be seen that in the 12-year period—from 1966-67 to 1977-78—the total losses in eight years were of the order of Rs 377.78 crores as against the profits of the remaining four years at Rs 82.88 crores. Thus, the railways would have to earn a profit of Rs 294.90 crores in the coming years—God knows how many?—to counter-balance these losses. Surely, additional economies in expenditure and efficiency in working are needed to put the finances of the railways on a sounder footing. The meagre profit recorded last year and the somewhat reduced profit anticipated in the current year are too insignificant to indicate any revolutionary departure in the operations of the railways.

That there was no likelihood of any increase in passenger or freight rates

when the railway budget would be presented some time later in the year, was clear from the "vote on account" budget but there was certainly room for rationalisation of freight rates. The "social burden" borne by the railways in carrying low-rated freight offerings or by operating uneconomic lines was indeed sizeable and the government had better appoint a special committee to study this question in depth. A long-term policy would need to be chalked out to minimise the losses caused by these social obligations. Already railway indebtedness has risen to more than Rs 400 crores and at the end of 1977-78 is expected to be as high as Rs 477 crores. Unless the railways throw up sizeable surplus year after year, it will not be possible to repay this debt, and also the railways will fail to generate resources for expansion.

workers' obligation

The unconditional reinstatement of railway workers, who had been dismissed or suspended for participating in the May 1974 railway strike, is claimed to be part of the process of the Janata party fulfilling its pledge to undo the wrongs perpetrated by the previous government. But this gesture of goodwill places the workers under an obligation not only to put in their best for improving the working results of the railways, but also to cooperate with the management in promoting industrial peace. While Mr Dandavate wanted the workers to put forward their grievances through their respective organisations instead of trying to make individual representations, there was also the view that a channel should be established through which aggrieved railwaymen could take up their grievances with the minister. It was a happy augury that the new government had tried to win over the workers through a generous move but the need for discipline and hard work has increased manifold.

According to a white paper prepared by the Railway Board, a number of improvements in passenger train services were introduced in 1976-77. No less than 33 new trains on broad gauge, 14 on metre gauge and one on narrow gauge were started in the year under reference. A few new trains were initiated in the quarter January-March this year besides

extending some others in various parts of the country. As many as 204 trains were speeded up. The punctuality of trains had also improved. All these gains need to be consolidated and the railway minister will have to see to it that the performance of the railways shows significant improvement during the current year. True that last year's working was the result of the dedicated efforts of the workers (or the strong arm tactics of the administration under the emergency) but it did not imply that they could now rest on their oars. They would have to demonstrate that they could do still better under a government which was responsive to their needs.

The Railway Board, in its various exercises, tried every year to measure the efficiency of various departments. For instance, a quicker turn-round of wagons brought about more intensive use of capital invested in wagons. Similarly, through improved operational research, the track utilisation could also be improved. This also applied to the utilisation of the locomotives in use. In fact, Mr Dandavate would have to win over the cooperation of each sector of the railway community to throw up a reasonable return on the capital-at-charge which at present is fast approaching the Rs 5000-crore mark. There was no doubt that the

social burdens had reduced the quantum of profit of the railways but a surplus of Rs 26 crores was indeed too small for such a large investment. Therefore, the railway minister would have to root out wastage wherever it existed and would have to further speed up the operations of the railways—of course with the active cooperation of the workers.

The question of bonus has been agitating the mind of the railway workers. In the debate on the railway budget in the Rajya Sabha, some members had urged the new government to grant bonus to the railwaymen as the Congress government at one time had conceded that it was equivalent to "deferred wages". It needs to be stated here that the Congress party frequently changed its stand on this question. While it took the decision during the emergency that bonus needed to be linked with productivity and profitability, it sanctioned a uniform bonus of Rs 100 for each worker on the eve of the elections. The Janata government will have to evolve a consistent policy in this regard though in its election manifesto it had unequivocally accepted the principle of bonus as a deferred wage. Any decision relating to bonus should be taken with reference to the capacity of the railways to pay. The financial position of the railways is not all that rosy.

Looking back at Ray

ON MARCH 20, 1977, Mr Siddhartha Shankar Ray's ministry completed five years in office and the West Bengal government issued on that day a full page advertisement in Calcutta's newspapers, highlighting its achievements. The advertisement referred to the massive increase in development expenditure that had been incurred since the ministry came into power, the efforts at resource mobilisation, the progress in agriculture, land reforms and industrial development as well as in other fields like improvement of Calcutta, education and employment programmes. Mr Ray's ministry is certainly entitled to credit for restoring law and order and for initiating various schemes for the development of industry and agriculture but, considering

the prolonged period of stagnation in the state's economy prior to March 1972 and the vast scope for growth in West Bengal, the ministry should have done much more for giving a strong and sustained stimulus to all-round progress.

For instance, why has the government not given adequate attention to power? In the one-page advertisement issued by the government, just four sentences refer to power but they give no indication about the present situation or the availability of power in the coming months. It said that a total of 45,300 circuit kilometer of transmission and distribution lines have been laid up to January 31, 1977 and that at Santaldih thermal power

station, generation has reached an all-time record of 210 MW.

The fact however is that industries are again facing acute shortage of power and there is no clear indication as to how soon the situation will improve. The expansion schemes at Santaldih, Bandel and Kolaghat which were expected to be completed during the fifth five year Plan are likely to come up only in the sixth Plan. The project of the Calcutta Electric Supply Corporation (CESC) for expanding its capacity by 240 MW, estimated to cost about Rs 95 crores, also has been held up due to financial constraints. The state government should have strongly urged the union ministry of Energy to clear this project and helped the CESC to obtain the necessary money from the financial institutions or from World Bank. But the state government does not seem to have shown much interest in this scheme probably because it is the affair of a private company but forgetting that the expansion of its capacity is of crucial importance to the development of industry.

new projects

The state government has claimed that in 1974 and 1976, the central government approved 582 new industrial projects, involving investment of Rs 731.35 crores, against 258 projects with an investment of Rs 148.59 crores approved in 1967 and 1970. But how many of the projects approved since the present ministry was formed have started production? In what ways is the state government actively helping the entrepreneurs who have received industrial licences to implement them? It is stated that out of 117 units, with a total project cost of Rs 197.70 crores, assisted by the West Bengal Industrial Development Corporation till December 1976, 35 had gone into production. But no indication is given as to when the others are expected to start production.

The steep increase in the annual Plan size is, of course, an important achievement of Mr Ray's ministry since it has been made possible by effective mobilisation of resources. The aggregate size of the annual Plan for the first three years of the fifth Plan was Rs 561 crores, which is Rs 40 crores more than the total size

of the plans for the entire 15 years covered by the first three five-year Plans. It is stated that the percentage increase in West Bengal's Plan size since 1972-73 is the highest in the country. It is also significant that the sales tax collections jumped from Rs 74 crores in 1971-72 to Rs 159 crores in 1975-76 and small savings from Rs 34 crores to Rs 73.18 crores in the same period. But, despite the impressive increase in Plan expenditure, a wide range of industries continues to be sick and many remain closed. By 1976-77, the state government spent Rs 7.55 crores for the revitalisation of closed and sick units. But no information is available about the number of units that have been revived.

Mr Ray's ministry could have done better if New Delhi's attitude had been more helpful. On several projects which are of considerable importance to West Bengal's economy such as petrochemical complex and shipyard in Haldia and the free trade zone near Dum Dum, the central government has been unable to take a firm decision although they have been under study for the past several years. Besides, the flow of orders for industries in West Bengal from the central

government's departments continues to be inadequate and irregular.

At the annual meeting of the Association of Indian Engineering Industry (Eastern Region), held in Calcutta on March 28, 1977, Mr B.K. Jhawar, the chairman, said that this region had missed new growth industries like machine tools, equipment for power generation, atomic energy and petrochemicals. He suggested that special consideration should be given to the units in the eastern region so as to enable them to diversify their production and participate in the equipment-building programme for the oil industry. He also pointed out that the growth of the FERA/MRTP companies, located in the eastern region, had been restricted. In a particular case, a company had been given MRTP hearing after a period of 13 months. Mr Jhawar suggested that since many of these companies had the financial and management resources, they should be encouraged to expand their activities. It is hoped that Mr Desai's government will sympathetically consider the problems of West Bengal in view of its importance to the country's economy from the point of view of development and defence.

Anatomy of a deficit

THE EMERGENCE of a larger overall deficit of Rs 425 crores in the revised estimates of the central budget for 1976-77 against the original estimate of Rs 328 crores, even with an increase in revenue and capital receipts by Rs 1117 crores, has come as a great surprise in stock and money market circles. It had been generally hoped that the central exchequer would find it difficult to use the large resources at its disposal on account of the earlier reports that the expenditure on Plan schemes had not been taking place at the desired rate and there were also no indications of an increase in Reserve Bank credit to government departments. Indeed it was even claimed by government spokesmen some time back that there had been a decline in Reserve Bank credit to government and the overall deficit too

was likely to be less than the budget estimate.

The expectations in this regard however have been belied. The increase in overall deficit by Rs 97 crores has come about on account of the conversion of a budgeted revenue surplus of Rs 529 crores into a deficit of Rs 47 crores even with an increase in revenue receipts by Rs 288 crores. The buoyancy in tax revenues has been such that the budget estimates in respect of receipts from direct taxes have been considerably exceeded and even the excise duty collections were satisfactory in spite of recessionary trends in some directions. Non-tax revenue too was higher though the improvement would have been more pronounced. However, as stated earlier, even with an increase in receipts of Rs 288 crores a deficit of Rs 47

crores has been incurred because of an increase in expenditure by Rs 864 crores. It is this big rise in expenditure for non-Plan purposes mostly that has upset the formulation of budget estimates for 1977-78 and fears have been expressed in stock market circles about the new Finance minister being compelled to resort to additional taxation or prune Plan outlay suitably in order to avoid deficit financing or fresh taxation.

The actual position, however, cannot be so unsatisfactory as it has been generally painted, though it must be admitted that the union Finance ministry has been profligate in utilising available resources and care has not been exercised to use purposefully available resources and produce a balanced budget for 1976-77, in the revised estimates. The big increase in expenditure is of course due to buffer stock operation with the Food Corporation getting Rs 506 crores against Rs 300 crores. The subsidy in respect of sales through fair price shops is estimated at Rs 175 crores and the expenses on the maintenance of buffer stocks at Rs 273 crores. A provision of only Rs 400 crores has been made on these accounts in the revised estimates and the balance of Rs 106 crores is in respect of arrears of the earlier years.

high allocation

The allocation for 1977-78 is necessarily high at Rs 460 crores as the cost of maintenance of buffer stock may be easily Rs 350 crores assuming that there will be average stocks of 16 million tonnes in the year and the issues through fair price shops will involve a subsidy of at least Rs 175 crores. The budget provision for the new financial year cannot therefore be considered heavy and it has to be determined how buffer stock operations should be carried out and base and operational stocks maintained at optimum levels. In any case pending fresh adjustments and the evolution of new policies, an outgo of a minimum of Rs 500 crores on this account appears inevitable.

There is room for a more careful handling of the huge resources at the disposal of the central government. It has to be closely examined how expenditure on

foreign trade promotion is being incurred as there is a rise of over Rs 105 crores under this head. Also in respect of grants-in-aid to state governments, there is a big increase of Rs 276 crores which can be due to exceptional factors or extension of patronage.

The subsidies on sales of fertilisers and other forms of help to agricultural development have also been responsible for an increase in expenditure by Rs 272 crores and the allocation under this head in 1977-78 is again high. It has, therefore, to be examined how there can be a saving of at least five per cent in the revenue budget of Rs 9408 crores for 1977-78 so that the deficit of Rs 129 crores can be converted into a surplus. There can also be larger receipts through tax revenue as there is scope for levying an export duty on tea and there may be also an increase in receipts through customs duties with larger imports of dutiable items. The additional revenues in this regard may be easily Rs 200 crores. Even with these adjustments the overall deficit of Rs 632 crores can be eliminated.

minimising outlays

It will also be possible to minimise financial outlay on Plan schemes if grain stocks also can be partly used for meeting expenditure by effecting part payments of wages in kind. The central government should have at its disposal food stocks which have been imported earlier under concessional aid or against grants. These stocks may easily have a value of Rs 400-500 crores. The buffer stock can be reduced by at least 3 to 4 million tonnes. There will be so much saving in storage expenses which work out to over Rs 17 per quintal excluding interest charges. There will also be less damage due to deterioration in storage with lower level of physical stock.

It has to be remembered at the same time that the larger deficit for 1976-77 is due to larger loan assistance to state governments and public sector undertakings and to that extent the liability of the government is less though it is forking out the required funds. It is noteworthy, however, that even with higher capital expenditure the deficit on this account is

lower at Rs 378 crores against Rs 857 crores budget. The deficit on capital account next year is placed at Rs 503 crores apart from a revenue deficit of Rs 129 crores. This is the first time in recent years that there is a deficit in both revenue and capital accounts, even when framing the budget estimates for a new financial year. The deficit on capital budget for 1977-78 can be very much less as net borrowing through open market loans can be easily Rs 1000 crores against the estimate of Rs 889.75 crores. There can also be larger receipts under small savings campaign and other heads.

encouraging outlook

The outlook for the new financial year is not, therefore, in any sense discouraging. Mr H.M. Patel, the new Finance minister, may even find that the actual deficit for 1976-77 was much less than Rs 425 crores as the allocations may not have been fully utilised and there are also indications to the effect, as stated earlier, that deficit financing has not been on a large scale up to March 25. With buoyancy in revenues and stimulation for demands for excised commodities there can certainly be a big step up in Plan outlay. Mr Patel is naturally opposed to deficit financing and is probably of the feeling that there can be greater generation of employment with investment being made in larger doses in more labour intensive schemes. How it will be possible for him to effect readjustments in Plan allocations remains to be seen.

There is no reason why the initial allocation cannot be around Rs 9500 crores on Plan account instead of Rs 10,000 crores and the position can be reviewed later in the light of new developments. Since it is expected in many quarters that the structure of excise duty will be rationalised and the cost of the imported equipment minimised with a lowering of prohibitive duties and it is also hoped that correct solutions will be found for improving the health of sick industries and enabling new industrial undertakings to operate on a viable basis, Mr Patel has a special responsibility when finalising the budget estimate. If a correct lead is not provided in May the economy may not gain the desired momentum.

CAPITAL'S CORRIDORS

R. C. Ummat

A democratic precedent • Gleanings from parliament proceedings

BESIDES EXPEDITIOUSLY initiating steps to put democracy back on the rails, the Janata party government has set a precedent on the British model by inviting the leader of the opposition to the use of the governmental media of information to reach the masses. The prime minister, Mr Morarji Desai, went on the AIR and the television network in the country on April 4. The leader of the opposition, Mr Y.B. Chavan, was provided this facility the very next day.

The prime minister in his broadcast to the nation dwelt at some length on the issues facing his government and the policies which it proposed to follow. He declared that true discipline could not be based on fear. Gandhiji had taught the country self-discipline. The citizens, severally and collectively, had to ensure that discipline and restraint without which freedom would degenerate into licence.

The prime minister further declared that freedom and bread were not competitive even in a developing society. The two went hand in hand and must never be separated.

judicial independence

Talking about freedom, the prime minister observed that the government would free the information media and provide adequate safeguards for judicial independence. The strength of democracy, he pointed out, lay in its institutions and traditions. Even in the darkest hours (of emergency), so many men and women in every profession and walk of life refused to bend their knees before indolent might. "This is the tradition on which we must rebuild our institutions and ensure that they are never again quite so vulnerable to subversion for partisan ends".

The prime minister assured the state

governments of the opposition parties that they need not worry about possible lack of cooperation from the central government. "We are not out to secure defections to topple administrations", he said.

Referring to the geographical distribution of seats won by the Janata Party in the new Lok Sabha, Mr Desai said that the people of the south should have absolutely no fear that their interests would be overlooked. His, he said, was a national government and no region or segment of population had any reason to feel orphaned. If anyone had some fears, they were groundless and the legitimate aspirations of the people would be fulfilled.

ending destitution

Recalling that his party had promised in its election manifesto to end destitution within a decade, the prime minister stressed that this could not be done by a few people, however wise, sitting in Delhi or in state capitals. This could only be achieved through the devolution and decentralisation of political and economic power and with the participation of the people. The centralised state, he said, was a menace to democracy.

The prime minister further stated that the village was to be made the base of the country's economic progress, as since ancient times ours had been predominantly a village-based society with 80 per cent of the population living in villages. "It is the villages and the villagers", he stressed, "who must feel the glow of change for the better". The prime minister stressed the need for reversing the process of villagers coming to cities in search of labour and employment. Instead, townsfolds, he added, must go to the villages for an open life combining it

with the service to the people and making their contribution to economic build-up and prosperity of rural areas and through it that of the country.

Re-affirming every individual's right to work, Mr Desai stated that his government would refashion economic programmes and priorities in order to maximise employment. The foodstock available with the government had to be utilised for sustaining work programmes. Gandhiji's concept of 'antyodya', he said, was not merely a moral precept but also an economic and social imperative.

small industry

Household and small industry, Mr Desai said, could generate untold wealth and harness the productive capacity of the millions of people through appropriate technology, especially in supplying wage goods for mass consumption. The big city, the big machine and big science had their place, but they could not claim a prescriptive right to preference and dominance. The government had to create a culture that was egalitarian and not exploitive. Dual societies of the rich and the poor and the cities and the villages could no longer be tolerated. "We must not think of town and country as separate and rival entities or cultures, but as integrated of interdependent settlements within finite regions.

To raise the necessary finance for the development of the country, the prime minister declared that people had to earn as much as they could, spend only as much as was necessary, save as much as they could and out of the savings invest to the maximum extent in productive enterprises or deposits in banks and government loans. Only then the country would be able to maximise its developmental effort and reduce foreign commitments.

The prime minister pertinently mentioned the growth in the foreign exchange resources of the country in the recent past, but he cautioned that the country could not rest on its laurels in this regard. He started: "Not only do we have to keep it up but we have also to improve our financial resources to sustain economic growth which should be adequate to take us a sufficiently long way on the

road to a welfare state before the turn of the present century".

To those concerned with business and industry, Mr Desai commended the Gandhian principle of trusteeship of wealth; they must contribute to the nation out of full utilisation of the productive capacity of their units. He called upon them to eschew temptation to exploit people's needs to raise prices and make unjustifiable gains. Instead they, he said, should ensure that through productive efforts and expansion they make the country prosperous and economically strong.

No one in the present age of enlightenment, the prime minister stressed, could deny labour its just reward. But demands, he added, could not justify loss of productive effort to the nation. The country had to go forward and not to stagnate or go backwards. This, he stressed, implied that we must produce as much as we can and increase the country's wealth. He assured the working class that the government would not be a party to the denial of fair play and justice to them.

genuine non-alignment

In the the field of foreign relations, his government, Mr Desai said, would follow the path of genuine non-alignment without fear or favour, affection or illwill. This and the collective cooperative efforts for the solution of economic and social problems the world over were going to be the guiding principles of his government's foreign policy, he said.

In his broadcast to the nation, the leader of the Congress parliamentary party and leader of the opposition, Mr Y.B. Chavan, made a fervent plea for a broad national reconciliation so that the country could prosper in all spheres of life and activity. Whatever aberrations might have taken place in the past, Mr Chavan stressed, "we must now move onwards in harmony. There has been enough bitterness and controversy over the last few years".

Mr Chavan felt that the verdict of people against his party was not against the basic principles of his party or its substantial achievements. The basic policies of the Congress were national unity, secularism, socialism, democracy, plan-

ned development, rapid development of industry, harnessing of science and technology to the development of the nation, non-alignment, solidarity with the African liberation struggle and the just cause of the Arab people and the good relations wherever possible with neighbours. The anger of the people, he emphasised, was against overzealous and harsh implementation of some of these policies during the recent emergency period. This abuse, he opined, was a national tragedy. The election results, he pointed out, had proved the inherent strength of Indian democracy.

* * *

The Lok Sabha repealed this week the Prevention of Publication of Objectionable Matters Act to ensure freedom of the press which is essential for the successful functioning of democratic institutions. This bill had been adopted by the previous Parliament. The repealing act is expected to be passed by the Rajya Sabha before it adjourns on April 11.

Another important bill concerning news media adopted by the two Houses was the Parliamentary Proceedings (Protection of Publication) Bill which would enable these media to report substantially true reports of the proceedings in Parliament without being exposed to civil or criminal action. The passage of this bill restored the privilege of the news media which was taken away during the emergency when an earlier bill (of 1956) on the subject was repealed.

The two Houses also adopted the Finance Bill, 1977, which aimed at continuing for the current financial year the existing rates of income-tax with certain modifications and providing for the continuance of the provisions relating to auxiliary duties of customs and excise. An important provision in this bill has discontinued the duty on salt.

The government, however, could not push through the 43rd amendment of the Constitution which sought to reverse to five years the terms of the Lok Sabha and the state legislatures, scrap the sweeping rights to declare associations anti-national and provide for uniform law for election petitions. It was introduced in the Lok Sabha on the final day of the session in the

hope that it could be adopted with the support of the opposition, particularly in the Rajya Sabha where the Janata party does not as yet have majority. The denial of support by the Congress prevented the government from pursuing this bill during the current session. It is expected to be taken up during the regular budget session next month.

important statements

The following important statements were made in Parliament this week:

(i) The union government has started serious studies on the proper institutional arrangements for declaring water as a national resource. The centre would play a more positive role in regard to allocation and regulation of waters of interstate rivers and formulate modalities to settle them in the minimum possible period.

(ii) The government is actively considering to enforce total prohibition in the country in line with directive principles of state policy enshrined in article 47 of the Constitution. Efforts are being made to induce the state governments to implement the programme of prohibition.

(iii) The union government proposes to open a few more regional rural banks. Of the proposed 60 such banks, 47 banks have already been established. Locations and areas of operation of four more banks have been finalised. They are likely to be established by the end of this month. The remaining nine banks whose locations have yet to be decided upon would be established in the next few months. So far, 85 districts in 16 states have been covered by the regional rural banks scheme. The government does not want to hand over the work of meeting the credit requirements of the rural people to private individuals.

(iv) A commission of enquiry is being set up under the Commissions of Inquiry Act, 1952, to look into all complaints of excesses, malpractices and abuse of authority during the emergency and all related matters thereto. The commission will be headed by an eminent judge. The exact terms of reference and the mode of inquiry will be determined after taking into consideration the advice of the chairman of the commission.

The excise relief scheme : new anomalies

D. R. Pendse

A scheme of excise relief on increased production of selected industries was introduced last year. Quite a few anomalies have remained in this scheme, even after the government issued a clarification press note on February 19. In this analysis, written specially for the attention of the authorities in New Delhi, Mr D.R. Pendse, who is Economic Adviser to the Tata Group of Companies and also the Chairman of the Finance, Taxation and Banking Committee of the Maharashtra Chamber of Commerce, Bombay, discusses some of the anomalies.

IN HIS budget speech in March 1976, the then Finance minister announced the government's decision to introduce 'a new scheme of excise duty relief to encourage higher production'. The scheme itself was announced on June 16, by a notification. While economists and representatives of industry expressed reservations on some of the specific provisions of this scheme, it was on the whole welcomed as a step in the right direction.

Subsequently, some confusion was created with the news that the Collector of Excise, Pune, had issued a trade notice on December 28, 1976, to the effect that manufacturers were obliged to pass on to the consumer the benefit under this scheme. Several representations were made to government and it is to the credit of the concerned authorities that they considered the matter promptly and the confusion was largely resolved by the issue of a Finance ministry press note dated February 19, 1977. The press note in effect retraced from the stand taken by the Pune Collectorate, and stated that 'it is for the manufacturer to decide whether the benefit of the duty exemption earned by him should be retained by him or not.' A formula, as given in the press note, is now to be applicable for cases where the excise duty is *ad valorem*.

need for clarification

Even after this press note, some points still call for clarification. Some of these points arise because of the press note, others from the original notification itself. This note hopes to deal with a few of these.

The objective of the scheme is to en-

courage production. The Finance minister said so in clear terms (quoted above). Even the trade notice (No. 41/76) issued by the Nagpur Collectorate to explain the salient features of this scheme for the information of trade, starts with a title 'incentive scheme', and refers to this scheme as 'Central Excise Scheme of Excise Duty Relief to encourage higher production' (emphasis added). Thus, any relief under the scheme is intended for the manufacturer as an encouragement and incentive for higher production. Once he earns the duty relief, it is for him, as the latest press note rightly reite-

POINT OF VIEW

rates, to decide how best to use this relief to boost the production.

It follows that the manufacturer should get the full benefit to which he is eligible, without any obligatory deductions.

This apparently simple point is emphasised because, as we would presently see, the new formula introduced works in such a way that it compulsorily takes away a part of the benefit. In personal discussions, however, the following views are expressed in official circles:—

- (a) That the notification of June 16 does not specifically say either that the scheme is to encourage produc-

tion, or that the benefit should be available for the producers.

- (b) The notification is the ultimate guide, and not the speeches.
- (c) It is not necessary that the full benefit must reach the producer in every eligible case. The actual benefit in any case would depend on several factors such as (i) whether the duty is specific or *ad valorem*; (ii) the rate of *ad valorem* duty; (iii) whether the manufacturer is willing to pass on the entire benefit to the consumer etc., etc.

some observations

The following observations need to be made in this connection:

- (i) First, the notification only expresses the government's intentions; and if it has not expressed it faithfully, it needs to be amended. The objective of the scheme need not be adjusted to the text of the notification.
- (ii) Secondly, what is offered in the notification should not be further reduced by means of press notes, formulae or administrative decisions.

The specific points that are discussed in the following paragraphs presuppose an agreement on this objective. Given this agreement, it is really a matter of skilfully administering the scheme by prescribing the formulae etc. in such a way as would faithfully translate this policy-objective into practice.

The original scheme (June 16 notification) clearly provided that the concerned manufacturers had to pay just 75 per cent of the excise duty. They were exempt from paying the balance 25 per cent. To quote:

"...the central government hereby exempts the excisable goods...from so much of the duty of excise leviable thereon...as is in excess of seventy-five per cent of such duty..."

However, as a result of the new formula, in all cases where the duty is *ad*

valorem, the actual exemption will be always less than 25 per cent. If the rate of duty is 10 per cent, the actual benefit would be 23.3 per cent; if the duty rate is 50 per cent, the actual benefit would be 18.18 per cent; and if it is 100 per cent, the benefit is a mere 14.29 per cent.

Thus, the formula, introduced with the purpose of administering the scheme, would conflict with the scheme, and to that extent needs to be corrected.

As was briefly seen above, the formula in effect tends to discriminate amongst manufacturers of different goods attracting different rates of *ad valorem* duty. The higher is the *ad valorem* rate of excise duty, the greater is the difference between what is due to the manufacture and what he actually gets because of the formula. This is illustrated in the table below:

Rate of duty	Benefit as % of duty rate		Benefit lost
	As intended in notification	As available under formula	
(1)	(2)	(3)	(4)
10	25	23.26	1.74
20	25	21.74	3.26
50	25	18.18	6.82
75	25	16.00	9.00
100	25	14.29	10.71

Such a discrimination would be difficult to justify on grounds of economic policy. More importantly, it would conflict with the notification which does not contemplate any such discrimination.

In this connection, a point is sometimes made that the quantum of duty relief should be considered and not its percentage. *e.g.*, if the pre-excise price is, say, Rs 100, then excise relief is Rs 2.33 for a product taxed at 10 per cent *ad valorem*, and it is Rs 9.10 for another taxed at 50 per cent.

It is necessary to point out in this connection that the quantum of relief depends not only on the *ad valorem* rate, but also on the pre-excise price. If this price of a product A is Rs 10,000, at 10 per cent excise rate, the absolute relief available to the manufacturer will be Rs 233; and for another product B with a price of Rs 100 and an

excise duty rate of 50 per cent, the relief will be only Rs 9.10! That is why, consideration of the absolute amount of relief is not particularly meaningful.

Even under our direct tax system, the incentives (such few that they are), are granted with reference to percentages and not with reference to absolute amounts. Take, for example, the case of investment allowance. For private companies attracting corporate taxation at 60 per cent, an eligible investment of every Rs 100 in plant and machinery results in a saving of Rs 15 due to investment allowance; but for public companies, with corporate tax rate of 55 per cent, the saving would be less at Rs 13.75. But still investment allowance stands, as it should, at a uniform rate of 25 per cent in both cases. It is, therefore, not convincing to justify the anomaly created by the formula, on grounds that the quantum of relief is higher.

a discrimination

Another discrimination is introduced as a result of the 'clarification' contained in the press note. Since the formula does not apply to specific duties, manufacturers of specific-duty-products will continue to get the full 25 per cent benefit of duty exemption. But manufacturers of *ad valorem*-duty-products will, as we saw above, never get the full 25 per cent benefit. This discrimination by administrative clarification would again conflict with the original notification under which all eligible manufacturers should stand to get the same *i.e.*, the full 25 per cent benefit.

Incidentally, in case of specific duties, the full benefit is available, irrespective of the actual rate of specific duty. In other words, the higher the rate of specific duty, the amount of relief will naturally be higher. This is how it should be and it further corroborates the point made above that the actual amount of relief is immaterial; the amount as a percentage of the basic excise is the one to be considered.

The scheme as it stands now may also work as an export deterrent. Manufacturers cannot avail of this benefit if they export any part of the production, after reaching the base clearance point.

It may appear that this deterrent acts only for a short time every year for older

units, where the base clearance is the highest of the three previous years' clearances. But for new units, where the base clearance is very low, or even zero, this can be a sizable disincentive for a good length of the year.

In this connection, the argument advanced is that since in case of production under bond for exports, excise duty is already nil, there is no question of giving a further 25 per cent relief from excise. In this connection, the following points need to be made:

accepted objective

In the first place, export promotion is an accepted objective of economic policy, and any scheme that acts as a disincentive, small or big, needs modification.

Secondly, this scheme is for encouraging production as a whole, not only production for domestic sale; and, as such, discrimination against exports would conflict with the objective.

Thirdly, the scheme specifically includes, and very rightly, production for exports for the purpose of calculating the base clearance itself. There appears to be no reason to exclude from the excess production, production for export for the benefit of excise relief.

It is, therefore, necessary to provide explicitly that production for exports will also be eligible for the production incentive equivalent to 25 per cent of the excise duty rate.

It is sometimes pointed out in this connection that the present scheme is made under Section 8 of the Central Excise Rules and that any scheme under this particular section precludes such a provision. This is an important point, but since the authorities are also convinced about the importance of exports promotion, it is submitted that the authorities should consider as to which is the more appropriate section of the Central Excise Rules that would translate the policy objective of the scheme.

In many cases, substantial portions of production are sold to government (DGS&D), defence or to large and bulk buyers. In many such cases, the price before excise and other duties, is agreed upon; and the buyer further undertakes to

reimburse to the manufacturer, actual excise duties, sales tax and octroi that may be paid by him.

As a result of the formula proposed under the press note, during the period of excess production, the assessable value is higher and actual excise paid is lower; *vis-a-vis* the period prior to reaching the base clearance level.

Thus, these buyers are unlikely to accept such abrupt changes automatically. Long correspondence, fresh negotiations and rewriting of agreements will result in many cases, invariably leading to considerable delay in the manufacturers getting payment of the higher assessable values.

Further, the moment the new financial year begins, the whole exercise will have to be reopened afresh!

mitigating difficulties

The formula may please be given a closer look with a view to mitigating these difficulties.

The scheme as it stands is resulting in some most unanticipated responses from manufacturers.

One of them would prefer not to avail of the relief, and continue to pay the full rate; because, temporary changes in pre-excise prices (i.e. assessable values) are in his view bad for good customer relations.

Another manufacturer would like to pass on the duty relief to the consumer; but he fears that the benefit will vanish in the intermediate trade channel and there is no way of ensuring that the final consumer receives the benefit.

These responses are indicative of the fact that in these cases, the scheme ceases to be an encouragement to production. This will be unfortunate, and therefore it needs to be checked in time.

Some of the anomalies and complications to which the administration of this scheme is giving rise, have been mentioned above. A close study of these gives an impression that most of these are created because this is devised as an 'excise relief' scheme and not an 'excise rebate' scheme. For, under a rebate scheme, manufacturers would pay the full excise in the first instance, and later claim a refund,

or rebate, after presenting the accounts and evidence to the tax authorities.

But 'rebate' schemes have their own weaknesses and the experience with these has been far from encouraging (recall the sorry plight of the tax credit certificates scheme, 1965). The long, long delays and the cumbersome procedures involved in the process of getting these rebates and refunds was one of the major weaknesses; and a 'relief' scheme in preference to a rebate scheme was suggested specifically to avoid these delays and make an immediate impact on the cash flow positions of the manufacturers.

It is hoped that this laudable motive will not have to take a back seat simply because correct words and formulae to express it elude us. The scheme may then fail to generate enthusiasm among the manufacturers, (e.g., the two responses cited above).

This is no doubt a challenge to the administrative geniuses; and there is every reason to believe that they can come up with the right solutions, given a concerted and concentrated effort to ensure:

(a) that the full 25 per cent benefit would be available on the spot to all eligible manufacturers; without any discrimination amongst them; and

(b) that complications with reference to bulk buyers, and exports, will not arise.

Two observations need to be made in conclusion:

First, the best indicator of the success of the scheme will be the quantum of relief that the manufacturers as a whole are receiving. On the national plane, the higher the quantum of relief, the greater is the increase in production that it implies in these important industries. That is why the first year of the operation of this scheme is important. It will be vital to the success of the scheme that it is free from restrictive formulae and procedures; as this shies away all the eligible manufacturers.

Secondly, it is of utmost urgency that the above points are carefully considered. Apart from the adverse psychological effect these anomalies may be having, for a large number of eligible manufacturers the financial year ends on March 31 and therefore most of these have either just completed or are on the verge of completing the base clearances. Unless, therefore, clear instructions are received by the various local excise collectorates, the 'excess' production eligible for relief may get caught in disputes regarding interpretations and remain blocked at factory gates.

RECORDS AND STATISTICS

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Education in the five-year Plans

Jandhyala B. G. Tilak

The author who is Lecturer in Economics in Delhi University and Research Scholar at the Delhi School of Economics and the Institute of Economic Growth, Delhi, reviews the development of education during the Plan periods with respect to enrolment, number of schools and outlays and highlights the paradox of the objective of universal primary education receding in spite of the enrolment explosion in schools.

"A GOOD system of education tuned properly to national life, needs and aspirations can be the most potent instrument of national development. But an educational system that is inappropriate or unsuited to national needs can become a great impediment to progress and may even take the country downhill". (J. P. Naik 1968; 84)

Various studies made by different researchers clearly reveal that investment in education has been a major source of economic growth in advanced countries, while the negligible quantity of educational investments in underdeveloped countries is prime cause of their economic backwardness. The advanced economies have large financial and physical resources at their command. So they can afford to pay less attention to human resource utilisation, for the deficiency of human resources can be easily compensated by the huge stock of material resources. But this is not the case with developing economies. As they do not possess large quantities of physical resources, the governments of the growing economies should lay heavy emphasis on human resources and their development. But the situation appears to be the reverse. The advanced economies are paying much attention to human resource development, while the backward economies are backward in this respect also.¹

a general review

In this article in section II an attempt is made to review the educational development during the Plan periods in the post-independence India and, in the light of the stock of experience, the attention paid to education in the fifth five-year Plan is critically evaluated in section III, followed by section IV in which our important achievements and failures have been ex-

mined. However, this article does not pretend to be making any new suggestions for improving the Indian educational system.

II

First five-year Plan (1950-51 to 1955-56): Immediately after independence, the Planning Commission noted that no plan can succeed unless it invests in the improvement of human capital and also realised that in a democratic system of economic planning, leadership constitutes the crucial factor in organising the community for action; leadership had to be developed not only at the apex but at all levels. This could best be done by expanding education. "The success of a democracy depends on the growth of a spirit of cooperation, disciplined citizenship and the capacity of the ordinary citizen to participate intelligently in public affairs. It is essential therefore, that education should train the individual to place duties above rights and should develop in him the power of critical appreciation and the habit of logical thought." (first five-year Plan: 221)

The principal requirements of the educational system, as noted by the Planning Commission were (i) the reorientation of its different stages and branches; (ii) expansion in various fields, especially in the basic and social education; (iii) improvement of the existing secondary and university education and the devising of a system of higher education suited to the needs of rural areas; (iv) expansion of facilities for women's education; (v) training of teachers, especially women teachers any teachers for basic education; (vi) improvement in the pay scales and conditions of service of teachers; and (vii) finally, assistance to backward states and backward sections of the population

whose educational progress was retarded in the past.

To meet the above mentioned targets the Plan provided about Rs 153 crores—Rs 34 crores at the centre and Rs 119 crores in the states. The educational programmes were expected to train the individual to place obligations above rights and to help the growth of creative faculties and of critical appreciation. A proportion of the outlay provided for in the first Plan related to the continuance of schemes of educational development which were introduced prior to the Plan.

The distribution of outlay between different fields of education in the first Plan is also worth noting. Elementary education received top priority. A sum of Rs 85 crores was spent on elementary education, Rs 20 crores on secondary education and Rs 14 crores on university education. Technical and vocational education received a substantial outlay next to elementary education. It was Rs 20 crores; Rs 5 crores were spent on social education and Rs 9 crores on administrative and miscellaneous purposes.

considerable achievement

The achievements made during the first Plan were by no means small. They have, however, to be seen against the background of the magnitude of the total problem. The total enrolments in the country have increased from 24 million in 1950-51 to 32 million by 1955-56, i.e. the average annual growth rate is around 6.7 per cent. The total educational expenditure has increased from Rs 1144 million in 1950-51 to Rs 1897 million by the end of the Plan. It was about 1.9 per cent of the national income. The average annual rate of growth of total expenditure was 12.7 per cent during the first Plan period.

Second five-year Plan (1955-56 to 1960-61): The Planning Commission, in the second Plan, having taken into account the recommendations of the University Education Commission (1952), the Secondary Education Board (1952-53) and a

number of committees which had inquired into educational problems, and having realised that the democratic socialist pattern of society demands widespread participation of the people in all activities and constructive leadership at various levels, provided for (i) a larger emphasis on basic education, (ii) expansion of elementary education, (iii) diversification of secondary education, (iv) improvement of standards of college and university education, (v) extension of facilities for technical and vocational education and (vi) the implementation of social education and cultural development programme.

The system of education is found to have a determining influence on the rate at which economic progress is achieved

and the benefits which can be derived from it. "Economic development naturally makes growing demands on human resources and in a democratic set-up it calls for values and attitudes in the building up of which the quality of education is an important element." (second five year Plan: 500).

The total expenditure on education, including engineering and technical education was Rs 273 crores in the second Plan. Elementary education received as usual the top priority: 35 per cent of the total investment was made on elementary education; secondary education received 19 per cent of the total; university education 18 per cent. Technical education received a considerably higher amount in

the second Plan than that in the first Plan. It was Rs 49 crores in the latter.

The total enrolments in all the educational institutions during the second Plan period increased at an average annual growth rate of 8.7 per cent; in absolute terms it was from 32 million to 46 million. The total expenditure on education—including direct and indirect expenditure—has increased to Rs 3444 million in 1960-61 from Rs 1897 million in 1955-56.

Over the decade 1951-61, the number of students in the country increased from 24 million to 46 million. The number of schools has increased by more than 70 per cent. Secondary education was reorganised by converting high schools into higher secondary schools. The propor-

TABLE I
Development of Education

		1950-51	1955-56	1960-61	1965-66	1968-69	1973-74 (Estimates)
Enrolment in classes I to V (Age Group: 6-11) in millions	B	13.8 (60.8)	17.5 (72.0)	23.6 (82.6)	32.2 (96.3)	34.0 (92.7)	41.3 (99.6)
	G	5.4 (24.9)	7.6 (32.8)	11.4 (41.4)	18.3 (56.5)	19.9 (56.6)	27.3 (70.1)
	T	19.2 (43.1)	25.1 (52.8)	35.0 (62.4)	50.5 (76.7)	53.9 (75.1)	68.6 (85.3)
Enrolment in classes VI to VIII (Age group: 11-14) in millions	B	2.6 (20.8)	3.4 (25.4)	5.1 (32.2)	7.7 (44.2)	8.7 (45.6)	12.2 (54.3)
	G	0.5 (4.3)	0.9 (6.9)	1.6 (11.3)	2.8 (17.0)	3.4 (18.3)	5.9 (27.7)
	T	3.1 (12.8)	4.3 (16.5)	6.7 (22.5)	10.5 (30.8)	12.1 (32.1)	18.1 (41.3)
Enrolment in classes IX to XI (Age group: 14-17) in millions	B	1.09 (9.3)	1.65 (13.4)	2.47 (17.5)	4.07 (25.5)	4.89 (28.3)	7.09 (36.6)
	G	0.16 (1.5)	0.33 (2.9)	0.56 (4.3)	1.20 (10.4)	1.58 (9.5)	2.61 (14.1)
	T	1.25 (5.5)	1.98 (8.3)	3.03 (11.1)	5.27 (16.9)	6.47 (19.1)	9.70 (25.6)
Enrolment in the univer- sity stage (Age group 17-23) in thousands	T	134 (0.4)	228 (0.6)	627 (1.2)	1214 (2.3)	1801 (3.0)	3200 (4.5)
Total educational expendi- ture (Rs in millions)		1144	1897	3444	6220	8500	12500
Per cent of National Income at current prices		1.2	1.9	2.4	2.8	2.8	3.3

Note : Figures in parantheses indicate percentages to the population in the corresponding age group.
(B stands for boys, G for girls, and T for total)

Source : Education in the Fifth Five Year Plan, 1974-1979.

tion of trained teachers has also increased during the decade considerably.

Third five-year Plan (1960-61 to 1965-66): The importance that was given to education in the third Plan can be easily understood by the following lines quoted from the third five-year Plan document: "Education is the most important single factor in achieving rapid economic development and technological progress and in creating a social order founded on the values of freedom, social justice and equal opportunity. Programmes of education lie at the base of the effort to forge the bonds of the common citizenship, to harness the energies of the people and to develop the natural and human resources of every part of the country". (p. 573).

Development of education in the first two Plans created a momentum for economic growth. Yet there were large deficiencies to be covered. One of the major aims of education in the third Plan was to "extend and intensify the educational effort and to bring every one within its fold, so, that...in all branches of national life education becomes the focal point of planned development". (p. 573).

the objective

In the field of general education, the objectives of the third Plan were as follows: (i) the main emphasis on the provision of facilities of the education of all children in the age group 6-11; (ii) extension and improvement of the teaching of science at the secondary and university stages; (iii) development of vocational and technical education at all levels; (iv) expansion and improvements of facilities for the training of teachers for each stage of education; (v) increase in scholarships, freeships and other assistance. Special attention was also paid to the education of girls and to reduce the disparities in the levels of development in education between boys and girls. University education was to be reorganised and the research facilities to be expanded and improved. At all stages of education, the Plan aimed at developing both skill and knowledge and a creative outlook and a feeling of national unity.

In the field of technical education, "programmes for the third Plan laid particular stress on increasing trained

personnel in different fields at all levels, securing teachers in sufficient number provision of scholarships and fellowships for talented students, introduction of part-time, short-term and correspondence courses, development of special courses in certain fields, the proper utilisation of the available physical facilities, reduction of wastage and promotion of research". (p. 607).

The total investment on education was Rs 589 crores—Rs 484 crores for general education and Rs 125 crores for technical education. The total enrolments had increased from 46 million in 1960-61 to nearly 70 million by 1965-66. The annual growth rate was more than 10 per cent. Total educational expenditure had increased from Rs 3444 million in 1960-61 to Rs 6220 million in 1965-66, i.e., during the third Plan period the total educational expenditure as per cent of national income was 2.9 and the average annual rate of growth of educational expenditure was 11.7 per cent in the same period.

Thus the total educational expenditure during the three Plans increased from Rs 1144 million in 1950-51 to 6220 million by the end of the third Plan, at a rate of 11.7 per cent a year. This was about 2.2 times the rate of growth of national income and 1.6 times the rate of growth of enrolments. Most of this expenditure came from governmental sources, whose contribution increased from 57 per cent in 1950-51 to

71 per cent in 1965-66. During this period considerable progress was made; but educational planning, it may be noted, suffered from the fact that there was no long term comprehensive plan integrated into the over all national plan. Planning was largely confined to financial and quantitative projections.

Plan holiday (1966-67 through 1968-69): Against the expected outlay of about Rs 100 crores for 1966-67, the actual expenditure was Rs 86.6 crores only. The enrolment in the primary and middle classes was about 75 per cent and 86 per cent respectively of the targets. The slowing down of expansion of elementary education was mainly because of the reduction of 1/3 in the outlay on elementary education. In the case of secondary stage, there was a small shortfall in expenditure; but the enrolment increased by one-third over the target. Adequate funds were not available for buildings, libraries and laboratories. At the university level, the enrolment reached was more than twice the target; expenditure was actually lower than that originally provided for in the Plan. This led to a higher teacher-pupil ratio. However, physical facilities like hostels, libraries etc, did not keep pace with increase in enrolment. The number of universities rose to 70 by the end of the year.

Actual expenditure on education during 1967-68 was Rs 113.8 crores. It was barely sufficient for maintaining the activities begun in the previous year. The govern-

TABLE II
Growth in Educational Institutions

	Primary	Secondary	Higher		Grand total†
			Colleges	Universities	
	(000s)				(000s)
1950-51	210	21	816	27	287
1955-56	278	33	1204	32	367
1960-61	330	67	2140	45	473
1965-66	389	103	5362	79*	723
1969-70	403	123	6869	97*	752
1973-74	430	137	—	114*	—

Note : * Includes institutions of national importance and institutions deemed to be universities. † Includes pre-primary level, Boards of education etc also.

Sources : *Statistical Abstract of India 1970* and *Educational Statistics at a Glance 1974-75*.

ment concentrated on expanding the activities of the state institutes of education. Except that, no significant programmes were undertaken in the direction of reducing wastage and stagnation. The Plan could not also pay any serious attention to the issue of work experience at the middle level.

shortfall in enrolment

The expenditure on education in 1968-69 was Rs 116 crores. There were considerable shortfalls in enrolment during 1968-69 at all stages except at university level. The rates of growth of enrolment compared to the previous year were higher for girls, but declined slightly in the case of boys. There was a substantial fall in the rate of growth of enrolments in arts, science and commerce courses in colleges and universities, the main reason being the inability of the states to provide adequate funds for special programmes and for the appointment of teachers and the opening of new schools. Schemes for the development of Hindi and Sanskrit in the non-Hindi speaking areas were continued rapidly. In July 1968, the government adopted the *Resolution on the National Policy of Education*, based on the recommendations of the Education Commission (1964-66). Accordingly more attention was paid to the task of improving the standards of technical education.

Fourth five-year Plan (1968-69 to 1973-74): The role of education in economic growth was reiterated in the draft outline of the fourth five-year Plan: "Education as an investment in human resources plays an important role among the factors which contribute to economic growth. It secures returns in the form of skilled manpower geared to the needs of development and also creates the right attitudes and climate for development. It exposes the farmers and workers to new ideas, stirs their ambition and bends them to change. It seeks to create an environment of discipline, harmony, understanding and team work which is conducive to the implementation of production plans. Both for accelerating economic development and for improving the quality of the society... it is essential that planning should establish a firm and purposive link between education and development." Further in

the way of fulfilling the objective of reduction of inequalities in income and wealth education plays a good role. Expansion of social services like education, health, etc, would naturally determine the points at which incomes would be generated and also the manner of their distribution.

The Planning Commission realised that the substantial expansion in enrolments at all levels of education in India during the past fifteen years of planning plus three years of Plan holiday was unfortunately accompanied by a certain measure of dete-

rioration in quality. It could also grasp that the Indian educational system had not been sufficiently geared to economic development, especially at the primary and secondary levels, insufficient attention having been paid to vocational and agricultural education. At the beginning of the fourth Plan, girls' education had still a long way to go before it could catch up with that of boys, while certain parts of the country were significantly lagging behind others in respect of both boys' and girls' education; stagnation and drop outs

TABLE III
Number of Teachers in Educational Institutions

(in thousands)

	Primary	Secondary	Higher	Grand total*
1950-51	539	212	25	804
1955-56	693	343	38	1107
1960-61	746	642	62	1508
1965-66	1198	724	130	2149
1969-70	1038	1221	130	2149
1973-74	1168	1352	174	2466

* Includes pre-primary level also.

Sources: *Statistical Abstract of India 1974*, and *Educational Statistics at a Glance 1974-75*.

TABLE IV
Outlay/Expenditure on Education
(Distribution between various sub-heads)

(Rs in crores)

Sub-head	First Plan	Second Plan	Third Plan	Inter-regnum	Fourth Plan
Elementary Education (including Pre-School Education)	85 (56)	95 (35)	178 (30)	65.3 (20)	234.7 (28.5)
Secondary Education	20 (13)	51 (19)	103 (18)	52.6 (16)	118.3 (14.4)
University Education	14 (9)	48 (18)	87 (15)	77.0 (24)	183.5 (22.3)
Other (General)**	14 (9)	30 —	116 —	46 —	161.0 —
Total - General	133 (87)	224 (82)	484 (79)	240.8 (75)	697.3 (84.8)
Technical Education	20 (13)	49 (18)	125 (21)	80.7 (25)	125.4 (15.2)
Grand Total	153 (100)	273 (100)	589 (100)	321.5 (100)	822.7 (100)

Note: Figures in parantheses indicate percentage to the total. * Includes teacher education, social education (including youth services), cultural programmes, and miscellaneous.

Source: *Education in the Fifth Five Year Plan 1974-79*.

at the primary levels resulted in wastage of educational resources. Thus the situation then demanded immediate and effective measures to factors like consolidation, quality, diversification, termination and work orientation.

The three major tasks that the fourth Plan had set before itself in the educational sector were: (i) removal of deficiencies in the educational system and linking it more effectively with the increasing demands of social and economic development, (ii) removal of internal stresses and strains in the system which were the result of rapid expansion, and (iii) extension of the system in response to social urges and economic needs.

At the elementary stage of education emphasis was laid on free and compulsory education, elimination of wastage and work-orientation of the curriculum; at the secondary level on the provision of vocational education of a terminal character and at the university level diversion of students to vocational, technical and professional channels was emphasised.

target not realised

Although substantial progress was recorded in the expansion of educational facilities, the targets laid down for elementary education were not realised in full. The anticipation of enrolments in secondary educational level also showed a shortfall but those in higher education were exceeded. The shortfalls have been particularly large in the states of Andhra Pradesh, Bihar, Karnataka, Madhya Pradesh and Orissa. A number of improvements were initiated. Three printing presses were established for the publication of national text books. The state governments implemented pilot projects in selected areas to reduce wastage and stagnation. At the secondary stage, facilities for the teaching of sciences were improved. At the university level the University Grants Commission provided assistance for the development and expansion of post-graduate education and research-centres of advanced study etc. Programmes of farmers' education and functional literacy were extended to 100 districts. Such special programmes were numberless.

All these activities incurred expenditure to the extent of Rs 697 crores on general

education and Rs 125 crores on technical education, as against the Plan outlay of Rs 712 crores for general education and Rs 112 crores for technical education, indicating an overall shortfall of Rs 32 crores. Substantial shortfalls occurred in states like Andhra Pradesh, Uttar Pradesh, Bihar, Gujarat etc. The total enrolment numbers have increased by three millions (likely proposition) against the target of 2.7 million.

III

Fifth five-year Plan (1973-74 to 1978-79): The situation in the economy at the beginning of the fifth Plan was such that a thorough reorganisation of economic and social structure was an absolute necessity. It would be possible only when public understanding increases and public understanding can be increased by education alone. So education has been greatly emphasised in draft fifth five-year Plan. The Planning Commission observes: "Education plays a crucial role in economic development and social modernisation. As a key factor in production, it supplies the requisite number and quality of persons needed for various tasks and, inculcating among the mass of the people appropriate attitudes, skills and personality traits, it creates the proper climate for development. By creating a well-informed and educated citizenry, it ensures the effective working of the basic institutions on which the economic and social well-being of the country depends. Education also provides the individual with the major

means for personal enrichment and social and economic development" (p 191).

In the course of the last two decades and more of planned development, the educational system has expanded considerably. In some respects its orientation has also undergone a change for the better. Nonetheless the existing system still suffers from several inadequacies, some of them being the legacy from the past. The fifth Plan attempts to draw upon the lessons of the past and seeks to introduce certain essential changes in the educational structure within the constraints of human and financial resources.

The thrust of the Plan is in four main directions: (i) ensuring equality of educational opportunities as a part of the overall plan of ensuring social justice; (ii) establishing closer links between the pattern of education on the one hand, and the needs of development and the employment market on the other; (iii) improvement of the quality of education imparted and (iv) involvement of the academic community including students in the tasks of social and economic development.

lower outlay

The proposed outlays in the fifth Plan document for education had been low. Originally Rs 3200 crores had been allotted to education in the approach to the fifth five-year Plan. The outlay was reduced to Rs 1726 crores in the draft; and it was still reduced to Rs 1285 crores in the Plan document; i.e., there is a fall of 26 per cent in the outlay for education

TABLE V
Proposed Outlays in the Fifth Five-Year Plan

(Rs. in crores)

	Approach	Draft	Plan document
Elementary Education	1600(50)	743(43)	410(32)
Secondary Education	600(19)*	241(14)	250(19)
University Education	400(13)	337(20)	292(23)
Other (general)	400(13)	201(14)	140(10)
Total - General Education	3000(94)	1562(91)	1092(85)
Technical Education	200(6)	164(9)	156(12)
Total Education	3200	1726	1285†

Note: Figures in parantheses indicate percentages to the total. *Includes cost on vocationalisation and adoption of uniform pattern. †Includes Rs. 37 crores for art and culture.

Source: *Education in the Fifth Five Year Plan 1974-1979, Draft Fifth Five Year Plan, and Fifth Five Year Plan 1974-79.*

from that proposed in the draft. Education is the only sector where there is a reduction in the outlay by 26 per cent from that proposed in the draft, even though there is six per cent increase in the total Plan outlay from Rs 37250 crores proposed in the draft to Rs 39287 crores in the Plan document. Among the other sectors, social and community services, transport and communications received less outlays than those proposed in the draft. Even though the outlay for agriculture has been decreased by six per cent outlay for irrigation was raised by 29 per cent. Thus it appears that the educational sector is looked down upon in the fifth Plan.

emphasis changed

As shown in Table V, the relative emphasis on different levels of education has also been changed. Elementary education received only 32 per cent of total outlay. As one can observe the emphasis on higher education has been increased. Corresponding enrolment targets, as shown in Table VI, have also fallen. The objective of universal primary education has been postponed for the sixth five-year Plan. The targets at all school levels have been reduced, and the targets at the higher stages have not been changed. At higher level the emphasis has been on consolidation and improvement of standards.

Thus when there is an argument to treat education as a core sector, reduction in outlays and enrolment targets is slightly disappointing.

As Prem Kirpal (1973) pointed out, "the aim should be gradually to increase the investment in education so as to reach a level of expenditure of six per cent of the national income as early as possible", while at present the figure is around four per cent, very less compared to the figures of the advanced countries.

IV

In this article we reviewed the development of education during the Plan periods particularly with respect to enrolments, number of schools, Plan expenditure/outlays etc. However, we did not pay adequate attention to inequality in educational development or inequality of opportunity in education since these aspects are discussed at length elsewhere by the author (cf Tilak 1975b).²

We find that education has always been

accorded an honoured place in the five-year Plans. We also find that there is rapid development in the educational field—development with some important achievements and equally important failures.

The important positive achievement in education is with respect to enrolments. The growth of enrolments is quite alarming. At the commencement of the fifth five-year Plan, the total enrolments in the country were around 100 million as compared to 24 million in 1950-51, i.e., during this period the average annual rate of growth is as high as 12.2 per cent. People observe that there is no parallel to such an expansion either in the earlier history of the country, or in the contemporary world.

Such educational inflation has been inevitable for three reasons:

(a) Educational facilities available in the pre-independence period were very insignificant.³ Independence has created an abnormal rise in the social demand for education.

(b) Secondly, building up a new socio-economic system after the end of the colonial rule required large scale manpower with varied skills, and so the government could not but expand educational structure.

(c) Lastly, the public policy towards equality in education led to the expansion of education further.

The consequences of such an explosion

are worth noting. The supply of manpower in general exceeded the manpower requirements leading to chronic unemployment among the educated. At the same time there have been shortages of critical skills. Secondly qualitative variables of education could not run at the same galloping speed, which resulted in deterioration in the quality of education at all levels. While these two are undesirable consequences, there is one positive result of the explosion in enrolments. That is equality in education. Educational levels among scheduled castes and tribes and other backward classes, educational levels among girls and that among rural people have substantially increased. The coefficient of equality in education with respect to education of scheduled castes rose from 64.7 per cent in 1960-61 to 68.4 per cent by 1969-70; and that with respect to scheduled tribes rose from 54 per cent to 57.5 per cent during the same period. The coefficient with respect to rural areas increased from 49.45 per cent in 1951 to around 60 per cent in 1971, while that with respect to girls increased from 35.68 per cent in 1951 to 57.16 by 1971. (cf. Tilak 1957b).⁴

Now we shall come to the problems facing the educational planners in our country.

The first paradoxical situation is while enrolments have been growing at an alarming rate, the objective of universal primary education has not been com-

TABLE VI
Enrolment Targets in the Fifth Five-Year Plan

(Figures in millions)

	Approach	Draft	Plan document
Primary (I-V Classes)	88.0	78.2	77.1
(Age group: 6-11)	(109.2)	(97.1)	(96)
Middle (VI-VIII Classes)	35.1	21.6	21.1
(Age group: 11-14)	(76.0)	(47.1)	(46)
Secondary (IX-XI/XII Classes)	13.7	11.2	12.7†
(Age group: 14-17/18)	(31.9)	(26.1)	(25)
University Stage (Arts, Science, and Commerce) (Age group: 17-23)	5.2*	4.7	††
	(7.0)	(6.0)	

Note: Figures in parantheses indicate percentage to the population in the corresponding age group. *Including enrolment in PUC. †An addition of 30 lakhs to the 1973-74 position. ††Not specified.

Sources: *Education in the Fifth Five Year Plan 1974-1979*. Draft Fifth Five Year Plan, and *Fifth Five Year Plan 1974-1979*.

pletely materialised and it is appearing to be quite far away. Secondly, the expansion in mass literacy has been very unsatisfactory. The literacy rate could increase from 16 per cent in 1951 to 35 per cent by 1971; and our country is more illiterate at present than what it was a decade ago. Further, even a high average growth rate of 12 per cent per annum in enrolments could not establish complete 'equality' in education. So the expansion in education has been inconsistent within the educational structure itself. A carefully framed policy is necessary with respect to enrolments.

The falling standards in general, and at higher level in particular, is a major source of worry to the educational planners and the numberless reforms attempted have not been able to improve the standards substantially.

Another important problem left unsolved is relating education to productivity and development. The high correlation coefficients between education and economic growth⁵ are not able to establish any concrete causal relationship between the two. The reason is again in the nature of education itself. The "bookish, literary, academic and ivory tower education" can hardly be consistent with the national development objectives.

education policy

The resolution of the government of India dated March 11, 1904 on Indian Educational Policy commented:

"In point of quality, the main charges brought against the system are to the great effect (1) that the higher education is pursued with too exclusive a view to entering government service, that its scope is thus unduly narrowed, and that those who fail to obtain employment under government are ill-fitted for other pursuits; (2) that excessive prominence is given to examination; (3) that the courses of study are too purely literary in character; (4) that the schools and colleges train the intelligence of the students too little, and their memory too much, so that mechanical repetition takes the place of sound learning; (5) that in the pursuit of English education the cultivation of vernaculars is neglected...." (quoted by K. Ramachandran (1972:458). Unfortunately these comments still apply to our

present educational system even 70 years after. Thus we notice that the colonial educational system has not been completely reconstructed. Transformation of the educational system has been considered as an important objective of the fifth five-year Plan and let us hope that this objective will be achieved in time.

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- (1) For a general treatment of the educational expansion in developing countries, see Ursula Hicks (1969).
- (2) See also S.N. Hasan (1973).
- (3) For a brief historical survey of educational development in the pre-independent India see Ekbote (1973), Sidhanta (1965), and J.P. Naik (1968: 75-8).
- (4) See also J.P. Naik (1971a and 1971 b).
- (5) The coefficients are as high as 0.9 as estimated by the author in another study (Tilak: 1975a).

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Eastern Economist 30 Years Ago

APRIL 18, 1947

Agricultural labour has been among the exploited sections of the community with no labour laws of any sort to protect them and the economic balance tilted heavily against them. They have been a growing population seeking sustenance from an area of land which, taken as a whole, has shown little increase over the past many years. In this category of agricultural labourers, the worst off, by and large have been the landless labourers. As is well known, this class of labourers has been an important feature of our land system. Their numbers have been variously estimated and Dr. Gyan Chand is disposed to place them between 60-70 millions, about

one fifth of the total agricultural population of the country. They own no land of their own; their employment is mainly seasonal and, as such, they are out of work for about half the year. Their wages are even lower than the general wage level of the class of agricultural labourers low as that in itself is. This is an old phenomenon of our agricultural economy the first warnings having been sounded as far back as 1880. The Famine Commission of that year drew pointed attention to the growth of surplus population on land and the emergence of a class of landless labourers eking out a miserable living from the land. Since then their numbers have continued to swell.

How the world's workers fared in 1976

In this summary, Rosalie Ducommun of the ILO Bureau of Statistics notes that the year 1976 saw a slow rise in employment in about three countries out of four for which statistics are available. At the same time the number of jobless continued to increase in about 30 countries but at a slower rate than in the preceding year. The number of jobless dropped or remained constant in some 20 countries. Unemployment among young people remained very high and women's unemployment diminished far less or even increased.

INFORMATION ON the general level of employment is available only for about 20 countries. The number of workers in economic activity as a whole rose by more than three per cent in the 12 months of 1976 in seven countries, including the United States and Puerto Rico, which had registered a drop in 1975, and the Republic of Korea and Malawi, where the increase exceeded five per cent.

In six countries (Australia, Canada, Italy, Japan, Poland and Sweden) rates of growth were about one per cent. The

in Poland and Sweden to over eight per cent in Malawi, but most frequently between two and four per cent. In France and Hungary the number of workers in this sector has remained practically unchanged.

Slight decreases, ranging from one to three per cent, have been noted in Australia, the Federal Republic of Germany, Finland and Luxembourg. In Switzerland, the reduction of the workforce was over five per cent.

An analysis of the statistics available for about 30 countries reveals that the

Republic of Korea, where they exceeded 20 per cent and in Hong Kong, where they reached 20 per cent in the course of the last 12 months for which figures are available.

In Greece the number of workers in manufacturing industries increased by seven per cent, from August 1975 to August 1976 against 2.6 per cent in the previous year. Increases ranging from two to four per cent took place in eight countries (Brazil, Canada, Malawi, Norway, Poland, Puerto Rico, the United States and Yugoslavia); the increase was less than two per cent in Israel and Italy.

a slow rise

In Austria, the level of employment in this sector, which had been falling since the early months of 1974, began to rise from March 1976 onwards and by October exceeded the level for October 1975 by one per cent. In Denmark, in September 1976, the numbers employed had increased by 0.3 per cent over the figure for September 1975, a very slow rise for a 12-month period, but nevertheless the first since April 1974.

In France the number of employed, declining since the end of 1974, slowly increased towards the middle of 1976 and in September 1976 reached the level of September 1975. In Japan, the level of employment fluctuated irregularly and was at times above, at times below that for the corresponding month in 1975; on an average, however, it remained stationary from January to October.

Employment in manufacturing industries decreased by about one per cent in four countries (Australia, the Federal Republic of Germany, Hungary and the United Kingdom). Reductions of about four per cent were recorded in Finland, Ireland, the Netherlands and Sweden. In Switzerland, the reduction between the third quarter of 1975 and the third quarter of 1976 had dropped 5.2 per cent,

WINDOW ON THE WORLD

general level of employment dropped by less than two per cent in France, the Federal Republic of Germany and the United Kingdom, and by over three per cent in Finland.

The statistics available for about 20 countries show that employment in all non-agricultural sectors is rising in two countries out of three and that the drop in employment levels in the manufacturing industries, building and construction, mines and transport has been offset in most places by marked progress in employment in services and commerce. The increases vary from less than one per cent

employment situation in manufacturing industries was generally better in 1976 than in 1975: in seven countries the drop was replaced by a rise, in a number of countries the rate of increase was higher and in many others the rate of decrease was lower.

Among the seven countries reporting an upturn in this sector, employment began to rise at the end of 1975 in Israel and Hong Kong, from February 1976 in Canada, the United States and Puerto Rico and during the third quarter of the year in Austria and Denmark. The highest increases were noted in the-

compared with over 10 per cent in the first quarter of 1976 and the last two quarters of 1975.

The data available for some 50 countries and territories show that none of them experienced a rise in the rate of unemployment in excess of 50 per cent, while whereas about 15 countries had recorded increases of this magnitude in 1975.

The number of persons unemployed nevertheless rose by 20 to 50 per cent in about ten countries, including Burma, Finland, the Republic of South Africa, Spain and Turkey. In addition, there were marked increases in a dozen countries, particularly Belgium, Italy, New Zealand, Sierra Leone, the United Kingdom and Yugoslavia. Relatively smaller rises were registered for Canada, Denmark, France, Nigeria and Sri Lanka. The rise in unemployment in Mauritius was negligible.

highest figures

Although the number of unemployed increased far less in 1976 than in 1975, some countries nevertheless reached or exceeded the highest figures since the end of the 1930s.

In the United Kingdom the number of full-time unemployed exceeded one million each month, which it had not done since 1939. In Ireland there were more jobseekers at any time since 1940. In France the number of unfilled applications for jobs in November approached the maximum level of October 1940 (1,059,200), although there were only 21,000 more applications than in November 1975. In Spain one must go back to December 1941 to find a figure higher than that for June (376,000) and the fact that over 40 per cent of the unemployed were building workers suggests that the situation on the labour market was worsened by the return of Spanish workers to their home country. In Puerto Rico the number of those unemployed and seeking work exceeded 20 per cent of the labour force for the first time. In India, the number of jobseeker in July 1976 was 700,000 more than in July 1975, the first month in which the number of unemployed had exceeded nine million. In Yugoslavia, too, record figures were noted and

the number of registered unemployed was over 600,000 each month.

Nevertheless, the available figures indicate that unemployment dropped in about 20 countries and territories. In eight of these (Cyprus, Greece, Malaysia, Malta, Morocco, Singapore, Surinam and the United States) the monthly unemployment figure was lower—and often considerably lower—than that for the corresponding months of 1975.

In about ten countries, including Austria, the Federal Republic of Germany and Pakistan, the steady rise in the unemployment figure was stemmed only in the course of 1976. In five of these countries (Ireland, Japan, the Netherlands, Norway and Switzerland) the drop in unemployment occurred only towards the end of the year.

In the United States the number of unemployed dropped below eight million as from March 1976, but in general remained above seven million; the drop from one year to the next, which was more than one million in March and June, became steadily less and by November was no more than 136,000.

In the Federal Republic of Germany the number of unemployed, which in 1975 was over one million each month, no longer reached this level between April and November 1976, and in December, although it again exceeded one million, it was 133,000 less than in December 1975.

Partial unemployment is on the whole receding, even in countries where the number of full-time unemployed is on the increase. In France, for example, the number of days for which compensation was payable in respect of partial unemployment fell from 1,116,000 to 226,000

between September 1975 and September 1976. In the Federal Republic of Germany only 140,000 wage earners were affected by short time in October 1976 compared with 717,000 in October 1975.

As in previous years, unemployment was particularly high among young workers and women. In Ghana and Malaysia, over half of the jobseekers were under 25 years, and in Puerto Rico the proportion of unemployed young male workers was 52 per cent for the 14 to 19 year age group and 33 per cent for the 20 to 24 year age group.

In many industrialised countries, particularly Canada, France, Sweden and the United States, over one-third of the unemployed were under 25 years, often with little or no qualifications.

The number of unemployed women continued to rise in some industrialised countries where the total number of unemployed is declining. In the United States, for example, the number of unemployed male decreased by 452,000 from July 1975 to July 1976, while the number of unemployed women increased by 79,000; the corresponding figures for November show a drop of 162,000 for men and an increase of 25,000 for women.

In the Federal Republic of Germany there were in July 1976, 107,800 unemployed male workers less than in July 1975, but the number of unemployed women was higher by 1,100; from November 1975 to November 1976 the number of unemployed men had dropped by 127,800, but the number of unemployed women had decreased only by 5,600.

In October 1976 over half of the unemployed in a number of industrialised countries were women, particularly in Austria, Belgium, France and Sweden.

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Manager

Cuban planning : a gamble on world sugar markets

According to this analysis of the current economic scene in Cuba, neither massive Soviet aid nor membership of the East European economic group has set the Cuban economy on a steady course and it remains vulnerable to the fluctuations of the world sugar market.

ONE REASON prompting Cuba's president Castro to seek renewed trade links with the United States is a realisation of the need for outside help—above all advanced technology—to improve the economy. The new five-year plan approved in December, 1975, specified that substantial imports of western capital equipment would be necessary for the development and diversification of industry, and Cuba has been extending her trade with non-Communist countries for some years. Interviewed by American television on February 9, 1977, president Castro expressed pleasure at the change of president in the United States and said that US-Cuban trade could be beneficial to both sides. Meanwhile, the US trade embargo remains, though President Carter indicated soon after his inauguration that he would not seek renewal of the restrictions on travel to Cuba—due to expire in mid-March. Sporting and cultural exchanges and possibly fishery talks are likely to precede any major moves towards a restoration of trade or normalisation of relations.

ties with CMEA

Cuba's economy apparently loomed large at the January meeting in Havana of the Executive Committee of the Soviet-led Council for Mutual Economic Assistance (CMEA). Cuba became a full CMEA member in 1972. According to the Soviet news agency *Tass*, Cuba's further integration into the CMEA structure, as well as her economic problems, were discussed. There was no hint of any wish to reduce ties with the Soviet bloc, though both the Russians and Cubans are clearly dissatisfied with some aspects of

Cuba's economic dependence on the USSR.

The seriousness of her economic difficulties became apparent in September, 1976, with the adoption of a package of emergency measures involving the shelving of much of the five-year plan. The plan had envisaged a major acceleration of overall growth with development in a wide range of industries. A key feature was the assumption that a continuation of high sugar prices in world markets would increase Cuba's hard currency earning capacity, implying increased scope for the import of western equipment and technological expertise.

slump in sugar

The slump in world sugar prices has thus had serious effects in Cuba. Towards the end of 1976 the New York price fell below eight cents per pound. But a number of long-standing weaknesses pre-date this. The Cuban economy has not been diversified as hoped since the revolution. The concentration on sugar in the late 1960s probably helped to cause the growing food deficit, as well as disrupting the economy as a whole. Increased plantings of sugar cane replaced essential fruit and vegetable cultivation, and the problem was complicated by an attempt to increase beefstock production. Moreover, sugar production never reached Castro's 1970 target of 10 million tons, the highest figure so far being 8½ million tons.

Cuba's economic growth rate has improved since 1971, though figures published by the World Bank in 1975 indicated a poor long-term performance. Between 1960 and 1973 per capita real

GNP fell by an average of one per cent a year—a performance virtually unparalleled in the world. In 1974-75 growth was boosted by high sugar prices which for a time rose to over 50 cents per pound. Three factors were involved: increased demand in the industrialised countries, disappointing results in other producing countries, and (as with some other commodities) an element of speculative stockpiling. The Soviet advisers seem to have mistaken a temporary aberration for the beginnings of a long-term trend.

guaranteed prices

The Soviet willingness to purchase Cuban sugar at high and guaranteed prices (currently estimated at 30 cents per pound) has helped to sustain the Cuban economy—and may explain the recent signs of interest in closer links with the CMEA on the part of marginal sugar producers such as Jamaica and Guyana. But such an arrangement has apparently also discouraged Cuba from reducing her own dependency on a single crop. Since payment for sugar has normally been made in non-convertible roubles, it can only be spent on Soviet goods, thus limiting Cuba's ability to use her export earnings in the way most conducive to development. The technical inferiority of much of the capital equipment from CMEA countries makes premature obsolescence inevitable.

Cuba's indebtedness to the Soviet Union is now estimated at more than \$4½ billion, and repayment, in kind or in hard currency, will be a heavy drain on the Cuban economy until well into the next century. Most repayments at present are made through exports of commodities such as tobacco, nickel and confectionery to the USSR, in addition to sugar. Less is available for export to the hard currency area or for domestic consumption. There seems to be dissatisfaction in both Moscow and Havana at this

state of affairs, the Soviet leaders being unwilling to commit resources on such a large scale as was demanded by the Cuban plan and Castro wishing to avoid total dependence on Soviet assistance. In 1968, he criticised the extent of Cuban dependence on petroleum imports—shortly after the Russians had referred to their ability to cut off Cuban supplies.

Soviet concern to reduce the cost of supporting Cuba seems to underlie the triangular oil supply agreement, involving Venezuela, Cuba and the USSR, and thought to follow the pattern of an earlier smaller deal involving Mexico, which was signed by Venezuela and the USSR in November, 1976. The Venezuelans have undertaken to supply Cuba with crude oil to meet—sixth of her requirements, while the Soviet Union will supply a similar amount to Venezuela's traditional market in Spain. The Cubans, however, will continue to pay the USSR and the Venezuelans to receive payment in hard currency from Spain. Transport cost savings should give the Venezuelans an extra profit of \$1.20 per barrel. The Soviet

Union also saves on transport costs, but because of the inadequacies of harbour facilities in Havana (leading to costly shipping arrangements) the saving to the USSR is likely to be much higher. There is no direct benefit to the Cubans. If this type of operation is successful and can be expanded, it will ease the Soviet Union's burden. Estimates of the total Soviet subsidy to the Cuban economy now amount to over \$3 million per day.

Plans to increase the size of Cuba's nickel mining industry also point to Soviet hopes of turning Cuba into a more profitable trading partner. Cuba accounts for about one-fifth of the nickel mining production of the CMEA group. While output has tended to decline since the Revolution, the recently announced project to treble mining capacity by the early 1980s will greatly increase the importance of Cuban operations. Nickel exports could provide hard currency for Cuba, but if the deal follows the normal Soviet pattern of committing output in advance to repay the cost of developing

the project, the possibilities will be limited.

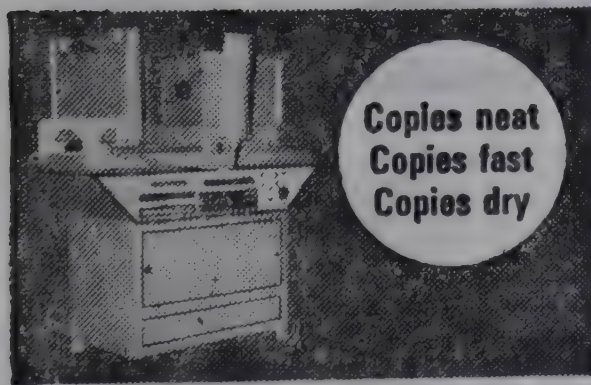
At first sight, there seems little reason for the USSR to step up nickel mining operations. It has the world's third largest reserves of nickel and, with Cuban production, the CMEA area has been self-sufficient; indeed in times of western shortage the USSR has exported nickel, selling at a small discount. One reason for the change may be that at existing rates of extraction Soviet nickel reserves are thought to be good only for another 75 years compared with 500 years for Cuban reserves. In addition Cuban nickel is extracted by shallow or open-mine techniques, whereas the USSR reserves require more complicated and expensive deep mining.

The Soviet Union may also be encouraging increased Cuban production in the hope of using the surplus for its own benefit to earn hard currency on the world market—which could happen if Cuba's indebtedness meant committing the bulk of her increased production to the USSR.

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Indo-German Cooperation



 **25TH ANNIVERSARY OF
THE EMBASSY OF THE
Federal Republic of Germany**

EXHIBITION : On the occasion of the 25th Anniversary of the Embassy of the Federal Republic of Germany in Delhi From April 13 to 25, 1977, 10.00 a.m. to 10.00 p.m.

INAUGURATION : Wednesday, April 13 at 6-30 p.m. at Triveni Kala Sangam Hall

FILM SHOWS : April 14 to 25, 1977, except on 24th, 7-30 p.m. at Triveni Kala Sangam Open Air Theatre, 205 Tansen Marg, New Delhi 110001. Film programme and passes as from April 4, Max Mueller Bhawan, New Delhi and information stand of Exhibition.

Alfred Allan

The first draft for the prime minister's broadcast talk was reportedly prepared by a journalist "intellectual". This explains perhaps the wordiness of the address. A common or garden journalist might conceivably have done better. He would certainly have not made a fool of himself as did whoever it was that had written Mr Chavan's broadcast speech for him. The leader of the opposition was apparently flattering himself that his barrage of rhetorical questions had established beyond challenge that the defeat of the Congress party in the general election was a freak happening hinging on fringe issues. It did nothing of the kind.

National unity, secularism and socialism were not issues in this election. Neither were planned economic development, industrialization, integrated rural development through science and technology or non-alignment in foreign policy. To exclaim that the electorate could not have rejected these values or approaches which, according to him, were basic to his party's philosophy or policy was therefore wholly irrelevant.

Mr Chavan, however, was unwise enough to refer to "democracy" as a basic commitment of his party. "Democracy" most certainly was an issue in the election. Some would say that it was, in fact, *the* issue—and the electorate made it very clear indeed what it thought of democracy, not as preached by the Congress party in the last 10 or 11 years, but as practised by its one-and-a-half leadership during the 20 months of the emergency. "The overzealous and harsh implementation" of some government policies during the emergency, over which Mr Chavan shed crocodile's tears, was not incidental to but inherent in the perversion and near-destruction of the central democratic process which the previous government of which he was such a seem-

ingly weighty member had indulged in. Can Mr Chavan be as blind to this fact as his broadcast talk suggests? Come to think of it some quibbling lawyer must have drafted the speech for him.

Talking of lawyers, it is easy to understand why Mr Asoke Sen should have lost no time in resigning from the Congress party after its election debacle. What goes against the grain is the sanctimonious hypocrisy of his resignation letter to the Congress president. He talks of the events of the emergency which "left many of us in bewilderment", the destruction of "the basic values we cherished", "the whole country becoming a police state", "the voice of reason suffering" and "the acclaim of sycophants" becoming the order of the day. Say that again, Mr Asoke Sen, what you said about the acclaim of sycophants. What did you yourself do when you went to the house of your (then) exalted client to congratulate her on her winning her appeal in the Supreme Court after parliament had been steam-rolled into amending the election law to suit the needs of her case? Talking of one's duty, as you are now doing, what particular sense of duty was it that, despite your rejection of the emergency and its excesses in your own mind, compelled you to seek a Congress party ticket for the election?

When did your moment of truth come, Mr Asoke Sen? Was it during those fateful evening hours of March 20 when, out of the Pandora's box of election results, defeats were pouring out for Congress candidates including yourself and not excluding the highest in the party? The Supreme Court Bar Association—as you are aware since you were its chairman for part of the period—has been agitating throughout for the independence of the judiciary and protesting against the victimisation of lawyers. To what extent did you identify yourself with this militancy, Mr Sen?

The Statesman, in an editorial on April 7, talking of "some sycophants turned rebels", has this to say: "It was one thing to keep quiet to play safe, quite another to join in a chorus of praise. Sycophants should at least refrain from striking an independent posture after the fall of their patron". This, I believe, applies not only to whole-time politicians such as Mr D.K. Borooah or part-time politicians such as Mr Asoke Sen but also to others such as journalists. *The Times of India* of April 6 (Delhi edition) led with the story "Inquiry into favour shown to Maruti unit". This news item was less conspicuously displayed in other newspapers, including *The Indian Express* and *The Statesman*. Mr V.C. Shukla must be feeling very lonely indeed these days.

Among the new men in government, Mr L.K. Advani has quickly made a mark. He has so easily moved on to his chores as the leader of the house in Rajya Sabha that a word of praise is due to him for promptly taking off on the right foot. Equally remarkable is the businesslike manner in which he is addressing himself to the priorities and specific tasks of his ministry. V.C. Shukla, Yunus and company have left him much debris to clear and he seems to feel that the sooner he gets on with the job the better he could fare at it.

Mr H.M. Patel's big chance will come in the budget session in May. Meanwhile, he has given a foretaste of his debating prowess while replying to the discussion on the interim budget by trouncing Mr C. Subramaniam's claims regarding the previous government's management of the economy. Mr Shanti Bhushan will be put through his paces when the government brings in legislation to undo the amendments to the Constitution effected during the emergency. Right now he is warming up for the occasion by expounding the government's views on or intentions relating to mending the damage done by the excesses of the emergency or punishing those who were guilty of those excesses. The main responsibility in this area rests of course on the shoulders of Mr Charan Singh. The new Home minister is displaying a high degree of self-confidence and strength of purpose in keeping with the demands of his portfolio.



MOVING FINGER

TRADE WINDS

Export Duty on Tea

IN A BID to bring down tea prices and augment its availability in the domestic market, the union government announced on April 9, certain measures. It has decided to impose, with immediate effect, export duty on the commodity at the rate of Rs 5 per kg and also to withdraw the rebate scheme on its exports. It has been clarified however that no export duty will be levied on tea bags containing more than 2.5 gram net of tea, tea packed in any kind of container having not more than one kg net of tea, and instant tea.

According to a press note issued by the department of Revenue and Banking on April 9, duty drawback on containers of all sorts, filled with tea and on the packing materials used in, or in relation to, such containers filled with tea has been withdrawn.

Domestic Shortage

As part of these measures, the facility of export of package tea free of duty under bond has also been withdrawn. "With these measures, it is expected that there will be more availability of tea in the internal market thereby helping in bringing down tea prices in the home market which have of late shown rising tendencies. Exemption from export duty on tea bags, packet tea up to one kg and instant tea will provide necessary fiscal incentives for the export of such teas on which there is

higher unit value realisation", the press note added.

Indirect Taxation Enquiry Committee

The Indirect Taxation Enquiry Committee submitted its interim report to the government on April 6, 1977. The committee was set up in July last year under the chairmanship of Mr L.K. Jha, governor of Jammu and Kashmir.

The interim report was submitted by Mr Jha and other members of the committee to the Finance minister, Mr H.M. Patel. The union government, is expected to study the 300-page interim report and take the earliest opportunity to place it before Parliament.

India-Pakistan Trade

Trade between India and Pakistan is expected to get a boost following high-level talks held recently. The Indian delegation was headed by Dr P.C. Alexander, Foreign Trade secretary, while the Pakistani team was led by the Commerce secretary, Mr E.A. Naik. The main items of export to Pakistan include tea, iron and steel products and betel leaves. Certain other items such as cement, coal, drugs and pharmaceuticals, resin, electrical conductors and transmission towers are in the pipeline. Import from Pakistan has so far confined to mainly raw cotton. The recent talks reviewed the trade exchanges and considered various steps to expand and diversify them. Trade between the two countries was resumed on

December 7, 1974 in accordance with a protocol signed in New Delhi. A formal trade agreement was concluded in January 1975 in Islamabad.

Hindustan Insecticides

During the year ended March 31, 1977, the combined production of Tech. DDT in the Delhi and Udyogamandal factories of Hindustan Insecticides Limited (HIL) has been 4478 tonnes which is a record representing 110 per cent of the combined rated capacity of the plants and surpassing the previous best achievement of 4421 tonnes in the year 1975-76. Similarly, the combined production of formulated DDT in the Delhi and Udyogamandal factories has been 8440 tonnes which is again a record representing 103 per cent of the combined rated capacity of the plants and surpassing the previous best achievement of 8302 tonnes in 1975-76. During the financial year 1976-77, the production of Tech DDT and formulated DDT represent an increase of two per cent and one per cent respectively in capacity utilisation level attained last year.

The Delhi factory of HIL surpassed its previous record production by producing 3105 tonnes of Tech. DDT and 1745 tonnes of formulated DDT which are 113 per cent and 105 per cent of the capacities of its plants respectively against 108 per cent and 101 per cent for the previous year. The Udyogamandal factory produced 1373 tonnes Tech. DDT and 2645 tonnes of formulated DDT which are 102 per cent and over 100 per cent of the rated capacities of its plants. In addition, production of formulated BHC at Udyogamandal factory during the year was also a record figure of 3077 tonnes which was

20 per cent higher than the previous best of 2571 tonnes reached in 1975-76. Based on these trends of production, and aided further by continued unbroken record of industrial peace and harmony in both its factories, the company is well poised to establish new records of achievements in sales and profitability during the financial year 1976-77. At present the company is busy implementing new projects involving an outlay of Rs 22 crores for the manufacture of DDT, Malathion, Endosulfan and granules of BHC.

Air-India

Air-India made a record net profit of about Rs 17 crore during 1976-77 against Rs 6.35 crore in the previous year. Mr K.K. Unni, Managing Director of the corporation, disclosing this recently, stated that the estimated total operating revenue for 1976-77 was Rs 275 crore, an increase of 36.4 per cent over the previous year. The government capital invested in the corporation as on March 31, 1977 is Rs 66.82 crore, half of which is treated as equity capital and the balance as loan capital on which interest charges are paid. The total amount ploughed back into the business from internal resources since nationalisation in 1953 was Rs 125 crore.

Mr Unni stated that there was substantial growth in revenue from cargo. Various factors have contributed to Air-India's remarkable performance during the past financial year. The system-wise passenger load factor went up from 59.3 per cent in April 1975-January 1976 to 63.5 per cent in the corresponding period during 1976-77 while the overall load factor increased from 59.6 per cent to 61.8 per

cent. Revenue from cargo traffic in 1976-77 was 30 per cent over the previous year. Mr Unni said that an improvement in aircraft utilisation, from 9.57 hours per day per aircraft in the previous year to 9.62 hours per day per aircraft in 1976-77, and improvement in staff productivity by 10.4 per cent brought about good result.

Trade Fairs

The Commerce minister, Mr Mohan Dharia, has issued instructions that the composition of Indian delegation to the trade fairs in foreign countries should be small in number and the expenditure on such delegation should be kept to the minimum. Disclosing this recently the minister stated that during 1977-78, India proposed to take part in trade fairs in 18 countries. Participating in 16 trade fairs abroad in 1976-77 a total business of about Rs 1928.18 lakh had been effected, he said. Besides, export promotion councils and commodity boards participated in 34 trade fairs during 1976-77 and secured business worth Rs 2758.40 lakhs.

Bombay High Output

The offshore Bombay High, where production of oil had started on May 21 last year, yielded over 400,000 tonnes of oil till March-end. A production potential of nearly 35,000 barrels of oil per day has already been established which will be gradually stepped up to about 80,000 barrels per day by the end of 1977. During 1977-78 the production is expected to be about 2.50 million tonnes.

Bombay High is estimated to have an annual production potential of 10 million tonnes of high-quality oil. The development of the field will be in

five phases and in each phase the annual rate of production will go up by an additional two million tonnes. While implementing phase one of the programme which included installation of a well-cum-production platform, three well-platforms, a single buoy mooring and a gas flaring system, it was decided to initiate concurrently phase two development to achieve a higher production rate. The additional facilities in the extended programme included a second production deck, an additional well platform and single buoy mooring system and inter-connecting pipelines.

Sugar Output

According to the Indian Sugar Mills Association, the sugar production in the month of February, 1977 the fifth month of the season 1976-77 was about 938,000 tonnes which was equal to the output achieved during the cor-

responding period last season. This brings the total production during the first five months of the season 1976-77 to about 3,384,000 tonnes as against 2,930,000 tonnes during the corresponding period last year. The off-take of sugar from factories during the month of February, 1977 was about 312,000 tonnes for internal consumption and 23,000 tonnes for exports as against about 289,000 tonnes for internal consumption and 176,000 tonnes for exports in the corresponding period last season. The total despatches in the first five months in 1976-77 was 1,557,000 tonnes for internal consumption and 187,000 tonnes for export as against 1,541,000 tonnes for internal consumption and 522,000 tonnes for exports during the corresponding period last season. The total closing stock of sugar with the factories as on February 28, 1977 was about 2,477,000 tonnes as

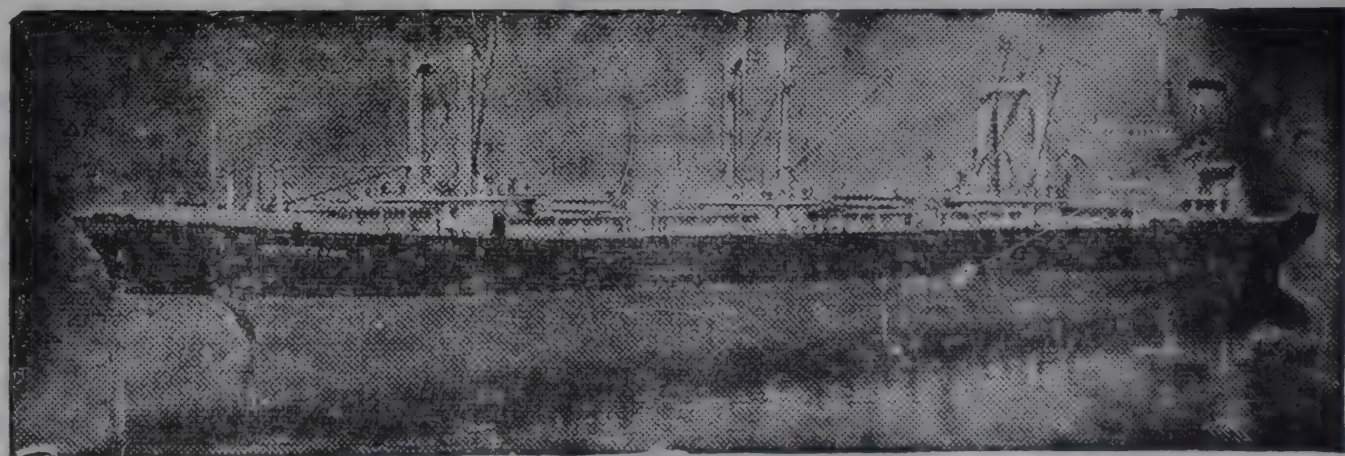
against 2,073,000 tonnes on the same date last season.

Sugar Release for May, 1977

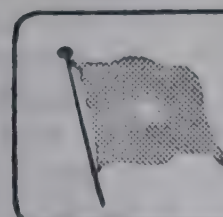
The government has ordered the release of 295,000 tonnes of sugar for internal consumption for May, 1977. It will consist of 205,000 tonnes of levy and 90,000 tonnes of free sale sugar.

International Tractors for Turkey

International Tractor Co of India Ltd. has received another export order from Turkey for supplying 2500 "International" tractors model: 444. Last year the company received orders for 1000 tractors. The order is valued at over Rs 10 crores. This is the biggest single export order for tractors from India. The company has a licenced capacity of 10,000 tractors a year and its output in 1975-76 was 11,503 tractors. It also has a letter of intent for



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expansion to 20,000 tractors. The tractors exported by the company have been used by customers in Turkey, Kenya, Tanzania, Zambia, Muscat, Indonesia, Nepal, Uganda and Somalia. A significant breakthrough is the supply of tractor components to some of the manufacturing plants of International Harvester in Great Britain, Australia and Japan.

UK Assistance

The ministry of Overseas Development announced in London recently that just over £1m from the ministry's aid programme to India would be spent on purchasing British equipment for a new industrial phosphate plant at Haldia in West Bengal. The plant will produce an essential ingredient of synthetic detergents and provide about 350 additional jobs. The factory is being set up by Hindustan Lever Ltd at a cost of £17½ million and will produce 30,000 tons of sodium tripolyphosphate (an ingredient of synthetic detergents) a year. The early stages of the project are going ahead. Advice and supervision are being provided by the British chemical firm Albright & Wilson.

Recruitment by Banks

The public sector banks will fill all vacancies in the clerical and allied cadres and 25 per cent of the vacancies in the junior officers cadre through the Banking Service Commission which was constituted in February this year. The commission has to issue a notification under Section 15(1) of the Banking Service Commission Act and till such time as the notification is issued, the banks will continue filling up the posts directly. The recruitment will not come to a standstill pending the issue of notification.

The commission which was

set up on the model of Union Public Service Commission will conduct examinations for appointment in each public sector bank to: (a) posts in clerical and allied cadres and junior officers' cadre; and (b) such posts in cadres of officers as the central government may by notification specify. Corresponding to the enlargement of the branch network and increase in the overall volume of its operations, the public sector banking system has witnessed a sizable increase in its manpower resources. The total number of officers has increased from 26,837 in June, 1969 to 67,095 in December, 1975. The number of clerical staff has increased from 100,777 to 188,545 over the same period. The number of officers and clerks belonging to scheduled castes/scheduled tribes has gone up from about 40 to above 600 in the case of officers and from about 424 to above 10,000 in the case of clerks.

Vocational Training for Women

With the signing of an agreement between the government of India and the International Labour Organisation (ILO) concerning a vocational training programme for women, India enters a new phase of its training drive. This project for which the Swedish International Development Agency (SIDA) has pledged 2.6 million dollars (approximately two crore rupees) will be executed by the International Labour Organisation. The government of India is contributing Rs 1.1 crore in the form of land and building and the staff. The country already has four industrial training institutes exclusively for the training of women. The new project, which is concerned solely with

training of women at various levels of skills, will meet the long-felt need for expansion and diversification of the existing vocational training facilities for women.

During its three-year duration, the project will develop a system of assessing the training needs of women workers in new occupations as well as in industries already employing a considerable number of female labour force, such as textiles, precision instrument industry, construction and agriculture, etc. Under the project, the New Delhi Central Training Institute for Inspectors for Women is to be upgraded as an Apex Centre at the national level and two regional centres are being established in Bombay and Bangalore.

Pilot Zone

A pilot rural zone will be selected to assess training needs and prepare rural training programme in collaboration with other agencies involved in the training of women.

The trades in which training will be imparted include dressmaking, needlecrafts, garment knitting and hosiery, beauty culture, secretarial, assembly of electronic elements, art/crafts. Fourteen international experts and consultants will be attached to the project for varying durations to train Indian counterparts in these fields. The Indian counterparts will also be sent abroad for specialising in the latest training techniques. Training equipment worth US \$680,000 will be supplied to the project out of the SIDA funds. A second phase of the project is foreseen during which regional centres will be established in Trivandrum, Lucknow, Calcutta and Chandigarh. The agreement for the

implementation of the project was signed by the Director-General of Employment and Training, Mr S. Loveraj on behalf of the government of India and by Miss E.R. Broisman, Deputy Director, ILO Office, New Delhi, on behalf of the International Labour Organisation.

IMF Gold Auction

The International Monetary Fund (IMF) auctioned 52,800 ounces of gold on April 7 at prices ranging from \$148.55 to \$151 an ounce, the highest prices it has fetched since beginning its series of gold auctions last June. An IMF spokesman indicated that the average price at the auction was \$149.18 an ounce. On the London gold market, the metal closed on April 7, at \$148.5 to \$149. The average price paid at the previous IMF auction was \$146.5 an ounce. The auction on April 7 was held under the 'classic' system, in which each successful bidder paid the price he actually had bid. In some earlier IMF auction, all successful bidders paid the lowest price accepted.

Polyester Replaces Glass Bottles

Soft drink bottles of the future will be made of Good-year developed polyester. In the USA, Pepsi-Cola recently introduced a 64-ounce container (bottle) made of pure polyester resin called Cleartuf, manufactured by Goodyear. Cleartuf was developed to replace glass, non-returnable bottles. Last year, more than 11 billion glass bottles were used. The Cleartuf bottles are lightweight and shatterproof. They could account for 400 million beverage containers before the end of the year, according to Mr

David Hirschy, a Goodyear polyester product manager. Polyester usage for bottles may jump from zero last year to more than 50 million pounds this year, according to Goodyear estimates.

Mr Hirschy stated that 32-ounce and upsized containers are the fastest growing segment of the soft drink market. The soft drink industry will require 300 million pounds of polyester resin for nearly 2.5 billion bottles annually by 1980. Pepsi conducted a six-month test of the new containers and only two package failures were reported during the period. The appeal of the new bottles is the weight savings, safety, appearance and good record as a packaging material.

Europe's Largest Ammonia Complex

Britain's largest industrial group, Imperial Chemical Industries (ICI), is now Europe's largest manufacturer of ammonia—a vital agricultural fertiliser. An ICI spokesman stated recently, that a fourth ammonia-producing plant had been brought on stream at the company's agricultural chemical complex at Billingham (north-east England), boosting production to 1.75 million tonnes. Billingham also becomes the largest single ammonia producing complex in Europe. The new plant produces the chemical out of natural gas from the North Sea. Production is currently running at a rate of over 1,200 tonnes a day. The £40 million was part of a total investment in 1976 of £440 million in new and extended facilities. This year the company plans to spend £550m in this sector. Additionally, more than £700 million has

been sanctioned for new projects over the next few years.

Rourkela Performance

The cold rolling mill complex of Rourkela steel plant has fulfilled the target of 240,000 tonnes in cold rolled sheets and strips fixed for the year 1976-77. The cumulative production till March 20, 1977 amounted to 240,044 tonnes. As a result of added emphasis being given for maximising the production from the cold rolling mill complex, the current year's production has recorded a growth rate of 34 per cent over that of last year. The previous highest annual production made in cold rolled sheets and strips was in 1975-76 when 184,947 tonnes were produced. This amounted to an average monthly production of 15,412 tonnes. Against this, the current year's average monthly production works out to 20,670 tonnes.

Names in the News

Mr R.N. Bhatnagar has taken over as Chairman and Managing Director of Bharat Refineries Ltd. Prior to this appointment, Mr Bhatnagar has been Managing Director of the Refineries and Pipelines division of Indian Oil Corporation Ltd since 1974. He joined Indian Oil in October 1968 as Deputy General Manager of Gujarat Refinery Limited and later he was elevated to the post of General Manager and posted at Barauni Refinery.

Mr R.M. Bhandari took over as Chairman and Managing Director of the Hindustan Petroleum Corporation and Caltex India Limited. Prior to his new assignment Mr Bhandari was Finance Director of the Indian Oil Corporation. Before joining IOC, Mr Bhandari was joint Secretary and Controller of Capital Issues in

the department of Economic Affairs, ministry of Finance.

Mr B.D. Garware, noted industrialist and philanthropist, as well as founder and chairman of the Garware group of

companies has joined the board of Blundell Eomite Paints Limited and has been elected as Chairman. He takes over from Mr N.G. Bassett Smith.

Department of Atomic Energy

On behalf of the President of India, the Director, Directorate of Purchase and Stores, Department of Atomic Energy, Bombay invites tenders as detailed below:

- (1) DPS/BARC/EEQ/2599 due on 24-5-1977. Supply of 1.5 TR Ordinary type fan Coil Units and spare meters—8 nos. and 4 Nos respectively as per specification.
- (2) DPS/HWP/EEQ/231 due on 18-4-77. Manufacture and supply of Local Control Stations at our Heavy Water Project Kota Site, as per tender specification.
- (3) DPS/BARC/EEQ/2600 due on 9-5-1977. Supply of 3 phase squirrel cage geared induction motor and E.M. brake unit complete with motor gear box—4 Nos. as per specification.
- (4) DPS/BARC/MIA/10186 due on 11-5-1977. 'Solid bowl/ pusher' type Centrifuge for Solid-liquid separation application discharge capacity 150-200 Kg/hr having suspension particle of 25 to 100 microns with 10 to 20 in suspension. Qty. 1 Unit.
- (5) DPS/BARC/R-5/BLE-46. due on 18-4-1977. Polyethylene tube size 6.350 mm O.D. 5 core and 19 core bundle, for pneumatic air signal transmission runs as per Purchaser's specification.
- (6) DPS/BARC/EEQ/2586 due on 2-5-77. 220 KVA Indoor type three phase transformer. 1 No.
- (7) DPS/MAPP/ELE/72 due on 4-5-1977. Design, manufacture, testing and packing of MV, HR PVC Insulated and PVC Jacketed Heavy Duty Power Cables, working voltage upto and including 1100 Volts, aluminium conductors; IS: 1554 (Part I); 50 sq. mm/2 cores and 16 sq. mm/3 cores and as per Purchaser's specifications.
- (8) DPS/TAPS/EEQ/125 due on 4-5-1977. 220 KVA Current transformers and cores.
- (9) DPS/RRC/FAB/159 due on 5-5-1977. Supply, inspection, testing, tropical packing and delivery of Carbon Steel Forgings as per Purchaser's tender document. Qty. 5 Nos.
- (10) DPS/RRC/FAB/160 due on 6-5-1977. Manufacture and supply of Carbon Steel Dished Ends as per Purchaser's specification and Drawing. Qty. 2 Nos.
- (11) DPS/RRC/EEQ/2583 due on 11-5-77. Solid state medium frequency induction generator equipment having capacity of 25 KW (continuous rating) suitable for operation on 415V, 3 phase 50 HZ, 2 wire power supply. Qty. 1 No.
- (12) DPS/RRC/ELE/118 due on 14-4-1977. Heavy duty PVC insulated, sheathed aluminium conductor cables single steel strip/wire armoured. 650/1100 volts grade conforming to IS: 1554 (Part I) 1964 in various sizes. Quantity: 14290 mtrs. As per Purchaser's specifications.
- (13) DPS/RRC/FAB/157 due on 22-4-1977. Manufacture and supply of roof shielding blocks as per Purchaser's specification and drawings.
- (14) DPS/VEC/FAB/8 due on 29-4-1977. Fabrication of Quadrupole Magnet including coils and all other auxiliary items as per Purchaser's specification and drawings. Qty. 20 Units.
- (15) DPS/BARC/R-5/FAB/35 due on 10-5-1977. Design, manufacture, inspection, shop testing, packing, supply, delivery to R-5 Project Site. Bhabha Atomic Research Centre, Trombay, Bombay erection and testing at site of Travelling Water Screens complete with accessories for sea water system as per Purchaser's tender document, and drawing. Qty. 2 Nos.
- (16) DPS/NAPP/PPED/EEQ/35 due on 26-5-1977. Design, construction, testing, inspection, transportation and delivery to site of 2 Nos. 16.5/6.9 KV, 31.5 MVA unit transformer and 2 Nos. 220/5.9 KV, 31.5 MVA start up transformers and accessories as per specification.
- (17) DPS/PPED/FAB/291 due on 9-5-77. Manufacture, inspection, testing, packing and delivery to Madras Atomic Power Project Site Kalpakam, Tamil Nadu and guarantee of two sets (one left hand and one right hand) of Fueling Vault Rains as per Purchaser's specification and drawings. 50 Nos. of rails.

Tender documents priced Rs. 5/- for item at S.No. 1, Rs. 10/- each for items at S.No. 2 & 3, Rs. 15/- for items at S.No. 4, Rs. 25/- each for items at S.No. 5 to 11, Rs. 100/- each for items at S.No. 12 to 16 and Rs. 200/- for items at S.No. 17, and General conditions of contracts priced Re. 0.50 p each except for items at S. No. 9, 10, 13, 14, 15 and 17 can be had from the Finance and Accounts Officer, Department of Atomic Energy, Directorate of Purchase and Stores, 3rd floor, Mohatta Building, Palton Road, Bombay-400 001 between 10 am to 1 pm on all working days except on Saturdays. Tenders will be received upto 3 p.m. on the due date shown above and will be opened at 4 p.m. on the same day. The right is reserved to accept or reject lowest or any tenders in part or full without assigning any reasons.

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Chairman's Statement:



THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED

H T PAREKH *Chairman*

OUTLINES MEASURES FOR STRENGTHENING THE ECONOMY

The year 1976 was characterised by an improvement in the performance of the industrial sector, especially of the critical input industries like coal, steel, cement and electricity. Reflecting largely the favourable turn in these sectors, growth rate in the overall indices of industrial output accelerated from about 4 per cent in 1975 to about 10 per cent in 1976.

However, several sub-sectors of the industry, especially in the area of consumer goods and consumer durable goods did not participate, in any significant manner, in industrial recovery. Industries like cotton textiles, paper and paper products, electrical appliances and transport equipment, to name a few, suffered a set-back.

In the prevailing buyers' market conditions and constant pressures on profit margins, the question is how to generate enough momentum in the system to sustain this growth. What is disconcerting at the present stage is the situation of low demand confronting the iron and steel industry which, along with coal and cement, had contributed, in a large measure, to the improvement in growth of the industrial sector. The implicit slow pace in the rate of creation of new capacity, though not felt immediately because of the currently unutilised industrial capacity, has apparently harmful implications for the future.

Recognising the need to stimulate investment activity under these circumstances, policies in spheres such as industrial licensing, imports and taxation were liberalised and relaxed. Simultaneously, however, monetary and credit policies were further tightened

in order to tackle the increase in the level of prices since March 1976.

While vigilance on the price front is necessary to stem resurgence of inflation, what is needed at this juncture is a clear assessment of the current economic situation — of the challenges it poses and the potential for growth that it contains. Towards this end, it will be useful to compare the essential economic elements of the current phase of price rise with those of the earlier one, i.e. the period between January 1973 and September-end 1974, when the rising trend in prices was reversed.

Inflation During 1973 and 1974

The price increase in 1973 primarily reflected the impact of poor monsoons in 1972-73 which had resulted in a sharp fall in the production of foodgrains and agricultural raw materials. This was exacerbated by a four-fold increase in crude oil prices towards the end of 1973. The world-wide inflation, which crept in around this time, and depreciation in the external value of the rupee *vis-a-vis* many currencies of the world, pushed up the costs of imports and aggravated the domestic price inflation.

Reflecting the cumulative impact of these factors, the wholesale price index in the sub-group of food articles rose by 58.0 per cent between January 1973 and September 1974 — the rise in respect of groundnut and cotton, the important agricultural raw materials, being 59.0 per cent and 122.2 per cent respectively. During the same period price indices in respect of fuel and power and chemicals, recorded

increases of 74.1 per cent and 48.4 per cent respectively.

All in all, between January 1973 and September 1974, not only was there an abnormally large increase in the level of prices — almost 56 per cent in 21 months — but the inflationary tendency was also spread over the entire spectrum of commodities. The phenomenon was thus one of a generalised inflationary spiral. Inflation during that period was, in fact, a part of the world-wide phenomenon.

Nature of Price Rise Since March 1976

The price rise since March 1976, it should be noted, differs from the price inflation of 1973 and 1974 in one very important respect. It is mainly confined to articles like groundnut and groundnut oil, raw cotton and gur. Thus, since March 1976, while there has been some increase in the prices of rice and wheat (partly due to certain deficiencies in the distribution system), the index number of wholesale prices for groundnut oil increased by 49.7 per cent (between end March and December-end 1976), groundnut by 60.1 per cent, raw cotton by 52.8 per cent and gur by 18.4 per cent. This price rise primarily reflects imbalances between supply and demand of these commodities.

Apart from this structural difference in the composition of inflation today, there are major differences between the present economic situation and that which prevailed in 1973 and 1974. With a good agricultural out-turn for the second year in succession, the country has augmented its buffer stock of foodgrains to reach the total of 17 million tonnes at the end of 1976.

As in agriculture, so in the field of industry, the economy is well-placed now compared to 1973 and 1974 when output increased nominally — by 1.6 per cent and 2.1 per cent respectively. Inadequacy of power, strained raw materials supply situation and disturbed industrial peace were factors from the supply side which contributed to the slow growth

in industrial output in those years.

Currently, while for many industries demand situation is far from satisfactory, constraints from the supply side are no longer present. Availability of critical industrial raw materials like cement, steel and other metals and coal, the lack of which restrained growth in output in the past, is now satisfactory. Also, the comfortable foreign exchange reserves position, which continues to strengthen, has considerably enhanced the country's capability to effectively manage the overall supply position of industrial inputs.

The improvement in foreign exchange reserves become all the more significant as it reflects a new strength of the Indian economy in the external sphere. Exports have shown a notable rise since 1972-73, the growth being more marked in respect of high value-added non-traditional items like leather goods, garments and a wide range of engineering products. With stabilisation in the external value of the rupee *vis-a-vis* major currencies of the world and a steady inflow of remittances from abroad, the foreign exchange reserves increased by Rs 1315 crores during 1976 and aggregated Rs 2286 crores at the end of the year — a phenomenon without precedence in the country's history.

Ironically, however, the way in which the mechanics of monetary expansion operates, buffer stock of foodgrains (since these are financed through bank credit) and accumulating foreign exchange reserves, have themselves led to an increase in money supply. As a result, money supply in December 1976 was 15 per cent higher than in the beginning of the year — almost the same rate at which it increased during inflationary phase of 1973 and 1974. However, notwithstanding the monetary expansion of the same order, the present situation is qualitatively different from that prevailing in 1973-74.

The causative factors in 1973 and 1974 were altogether different. The expansionary

influence on money supply was attributable mainly to augmentation in bank credit both to the Government sector to meet its budgetary deficit and to the commercial sector for meeting its requirement of bank finance. A large increase in credit during 1973 and 1974 was partly a result of inflation which required industry to borrow more for maintaining the same level of physical stock.

Also, it cannot be overlooked that the increase in money supply in 1976 was accompanied by a larger expansion in output in the industrial sector. Besides, the buffer stock of foodgrains and foreign exchange reserves are counterpart assets of the monetary expansion. Likewise, time deposits with banks, which represent savings of the community, have continued to rise.

The pattern of deployment of bank credit in favour of food procurement and the priority sectors, pre-empted the lendable resources of the banking system. Thus food procurement credit, which had increased by Rs 140 crores, to Rs 564 crores, in the year ending April 1975, was of the order of over Rs 2100 crores by the end of 1976. Together, the share of bank credit for food procurement, exports and priority sectors, rose to 48 per cent as on April 30, 1976 from 39 per cent on April 25, 1974; the share of these sectors is likely to have increased further during the latter half of 1976. While the volume of credit available to industry and trade has increased, so has its need for finance due to various reasons.

An important factor, in the recent period, which has considerably enhanced the requirement of industrial units for funds from the banking system, is a structural change in the market conditions. With the emergence of a buyers' market, the relative share of receivables and finished goods in the total inventories has tended to rise. Larger stocks of finished goods are now being carried by manufacturers, due to the reluctance of traders to hold stocks in a slow-moving market. This has happened when the availability of funds

from alternative sources has become uncertain due to several reasons.

It is well-known that a part of the working capital was met through funds which were generally not recorded officially in the books of accounts. Such funds constituted an important source of working capital finance. With the disappearance of the bulk of such funds, a void has been created. Industry has to fill this gap by tapping other sources of finance, both internal and external.

The corporate sector has covered a part of this gap by resorting to public deposits. However, the capacity of industrial units to generate internal resources was considerably impaired with a decline in profitability in the corporate sector in 1975-76 from the 1974-75 levels, the drop being quite sharp in several cases. Some industries, including cotton textiles, are still experiencing a continued squeeze in their profit margins. Units, small as well as large, in these and other industries are not doing too well. They need to be supported and sustained. The liquidity strains confronting the industrial sector have added to the problem of sickness afflicting this sector. In several cases, the sickness is in incipient stages and can be remedied with an infusion of additional bank finance for working capital apart from other reliefs.

While even in normal times, working capital finance for such weak units is not obtainable in adequate measure, the problem has been aggravated in recent months by the liquidity position of banks themselves. The tightening of the refinancing facilities available to commercial banks from the Reserve Bank of India, the increase in cash reserve ratio to 6 per cent towards the end of 1976 and the impounding of incremental deposits in 1977, have imposed severe strains on the liquidity of banks.

Reassessment of Monetary and Credit Policy

All these measures in the area of monetary and credit policies are, in fact, in contrast

with the relaxation and modifications introduced in other spheres. Industrial licensing policy has been made less restrictive. Price controls have been lifted or relaxed. Import policy has been liberalised. Fiscal and other incentives have been introduced for encouraging investment, larger output and for promoting exports.

Against this background, there is now a genuine apprehension that formulation of monetary and credit policies with the sole objective of controlling inflation could well-nigh nullify the beneficial impact of other policies and in the end become self-defeating. The question to be considered is the desirability of using general measures of credit restraint and high interest rates, which had their genesis in a period characterised by double-digit inflation, to deal with a situation of sectorally localised price rise.

A fresh look at the situation becomes all the more pertinent because, given the high cost of bank credit and the absence of inflationary expectations, it would appear bad corporate policy to pile up inventories with a view to hoarding either raw materials or finished goods. Thus at this stage, when the economy's capability to manage supplies is better than at any time in the past, a serious examination of the trade-offs between investment-discouraging effects of restrictive credit policies and growth-promoting effects of calculated liberalisation is warranted.

Re-assessment of the situation is necessary as an upward revision in the interest rates on bank deposits, along with the increase in lending rates, has far-reaching implications for the distribution of personal savings between risk-free capital and risk-bearing financial assets.

With commercial banks offering a secure return of 10 per cent on a five year deposit, which is almost the minimum period in a large majority of cases before the share capital of a new company can yield a

dividend to an investor, there is little attraction for equity investment. Investors who are prone to take some risks still find deposits with companies—yielding a return of anything between 10 per cent to 13 per cent on a medium-term deposit—preferable to equity investment.

This is evident from the flow of personal savings to different types of financial assets. While the supply of risk capital continues to remain halting and hesitant, company deposits and time deposits with banks have increased rapidly. For instance, between June 1974 and December 1976, time deposits with scheduled commercial banks increased from almost Rs 6100 crores to Rs 9000 crores. Moreover, over the years, there has been a shift in favour of long-term deposits, which funds impinge, in a way directly, upon the supply of risk finance in the capital market. Measures should be taken, therefore, to restore a balance between the relative rates of return from different types of financial assets.

The adverse impact of the poor response to the issue of equity capital is already being felt in so far as promoters, particularly of new projects, find it difficult to raise adequate capital from the market. Joint sector projects, promoted as partnerships between state agencies and private entrepreneurs, are not immune to this. This situation has inevitably affected industrial investment adversely, because project costs have escalated as a result of inflation in 1973 and 1974. Individual investor's interest in equity capital needs to be revived. The gap between differential rates of return earned on equity capital and risk-free capital requires to be narrowed.

Need to Increase Investment and Exports

The situation can be examined from two sides, namely, from the sides of deposits and of equities. As far as deposits with banks are concerned, some adjustment can be considered in the interest rates on

long-term deposits. Simultaneously, in order to make investment in equity more attractive, tax incentive in the form of additional exemption on dividend income and relief in tax on capital gains could be provided to individual investors in equity capital.

Rationalisation of the interest rate structure and the pattern of yield are only some elements of the economic strategy conducive to growth with price stability. A sizeable step-up in investment outlays is equally important constituent of the development strategy.

Recognising the crucial role of investment expenditure, investment targets for the Fifth Five Year Plan for the public and the private sector have been stepped up. In terms of these targets, investment expenditure envisaged for the public sector during 1977-78 and 1978-79 is Rs 19900 crores—a little more than the investment outlay during the first three years of the Fifth Five Year Plan. According to present indications, the Annual Plan outlay in the public sector for 1977-78 is likely to be of the order of Rs 10000 crores—28 per cent higher than in 1976-77.

Fortunately, developments in the recent past make it possible to formulate a long-term growth strategy. The growth in industrial exports promises an opportunity for upgrading, technology-wise and quality-wise, the Indian industry. The fact that Indian industry is equal to the task has been demonstrated beyond doubt. Exports of industrial goods have increased rapidly. Our human capital in the shape of technically-trained personnel is much in demand outside the country. Our technicians and skilled labour not only support the developmental efforts in the neighbouring countries but have also become a major source of inward foreign exchange remittances. Indian entrepreneurs are engaged in implementation of several joint ventures in the neighbouring countries. Many Indian firms, both in the public and the private sectors, have bagged large contracts in West

Asia, against keen competition with firms from the industrialised world. There is also a growth in the financial infrastructure which is capable of supporting, both in terms of quantity and sophistry, the complex needs of export finance.

We must endeavour to promote exports of high value-added items. Towards this end, we need to adopt a more pragmatic approach in regard to the import of technology and equipment for export production. Some measures have already been taken in this regard. On the part of industry, export marketing strategies need to be attuned to this task. Increasing exports of sophisticated industrial goods is indeed a difficult task and has a long gestation period. However, Japan furnishes an outstanding example of the long-range economic benefits of exporting technology-intensive and high value-added items such as ships, automobiles and electronic equipment. Apart from the backward linkages emanating from such industries, their exports offer a promising opportunity for widening markets and enjoying thereby economies of scale.

For a country of India's dimensions, however, exports by themselves cannot sustain growth. In order to boost economic activity, in addition to public sector investment, stimuli from other domestic areas of activity will have to be provided. Construction is one such area which, as the experience of the industrialised countries shows, can play an important role in the revival of economic activity.

The need for encouraging housing is well-recognised. In his budget Speech for 1976-77, the Finance Minister made a specific mention of Government's intention to promote housing. Apart from occupying a high position in the scale of social priorities, housing is a labour-intensive activity. Additionally, through its linkage effects, it spurs investment over a wide area of economic activity.

A possible hesitation on the

part of policy-makers in injecting purchasing power through investment expenditure is the impact such outlays may have on prices. However, such fears appear to be unwarranted. Through a planned utilisation of stock of foodgrains and other critical inputs, inflationary pressures can be warded off. Besides, unutilised industrial capacity itself offers an insurance against shortages. If further policy measures are required, Government can consider using suitable excise reductions as a positive measure to soften the impact of additional demand. A reduction in the rates of excise duties, the prevailing balanced supply-demand situation, is likely to be reflected in the lower final prices. Reductions in excise duties effected in 1976 had a sobering impact on prices without affecting Government's revenues.

Drawing a balance-sheet of the pluses and minuses in the economic situation as it obtains today, the picture that emerges has encouraging prospects. Striking a right combination between growth and inflation is always a delicate task. The present economic milieu, however, makes it possible to sustain growth without undermining price stability. Many of the

traditional bottlenecks hampering growth from the supply side are no longer operative. Any unwarranted disruption due to short-term imbalances in supply-demand situation can be rectified with the stock of foodgrains and foreign exchange reserves in possession of the country.

I would like to add that events in the past few months have moved fast. These would undoubtedly have an impact on the economic and industrial policies of Government. It is my hope that the new Government, with a mandate from the people, will adopt measures which will give the economy the fillip that it requires at this juncture. As a part of this, re-examination of the monetary and fiscal policies will be inevitable. Any move towards accelerating the pace of growth necessarily calls for taking some calculated risks deriving confidence from the favourable elements which are already present in the economy.

N.B. This is an extract from the Chairman's Statement circulated to the shareholders with the Directors' Report and Accounts for the year ended December 31, 1976.

April 4, 1977

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COMPANY AFFAIRS

Khandelwal Ferro Alloys

KHANDELWAL FERRO Alloys Ltd has reported impressive improvements in its working results during the year ended December 31, 1976. Sales recorded a smart rise to Rs 19.32 crores from Rs 15.62 crores while profit after tax too was significantly higher at Rs 62.62 lakhs as compared to Rs 55.88 lakhs in 1975. Total export sales jumped to Rs 7.86 crores from Rs 2.12 crores in the preceding year. The directors have, however, maintained the equity dividend at 12 per cent.

Despite power cuts production of the ferro-manganese unit was more than in 1975. While sales at Rs 7.45 crores outstripped the previous year's performance by as much as Rs 1.97 crores. Domestic sales also picked up due to increased offtake of ferro-manganese by public sector steel plants. Exports also more than doubled to Rs 2.75 crores from Rs 1.33 crores in 1975.

Tube Exports

The tube mill also reported considerable increase in production during the year. Sales during the year was of the order of Rs 11.48 crores as compared to Rs 9.91 crores in the earlier year. Export of steel tubes amounted to Rs 5.11 crores as compared to a mere Rs 0.79 crores in 1975.

With the increase in steel production in the country the domestic demand for ferro-

manganese has been steadily increasing. The ferro-manganese industry has all along been an export-oriented industry, and if full power supply could be restored to the industry, it will be able to earmark the resulting production for exports and earn foreign exchange to the tune of Rs 1.5 to Rs 2 crores per annum.

The domestic market for steel tubes continues to be slack. While every effort will be made to maximise the domestic sales in the face of competition, the major effort will be towards maintaining the export market. It is hoped that during the current year it will be possible for the company not only to maintain the vastly improved performance achieved last year but also improve upon it.

Mukerian Papers

Mukerian Papers Ltd is setting up a paper mill in the joint sector in the backward area of district Hoshiarpur, Punjab. The plant, which will have an installed capacity of 9,000 tonnes per annum, has already been imported from West Germany. The company has entered into an agreement with Cellulosics Consultants (Private) Ltd for technical know-how and consultancy services. Orders for indigenous machinery have been placed with the local suppliers. The construction of the building has commenced. Commercial production is likely to start by March 1978. The company hopes to reach its

licensed capacity in the second year of its working when its operations would also reach the break-even point. The capital outlay of Rs 3.80 crores on the project is proposed to be met by share capital of Rs 1.30 crores and term loans of Rs 2.50 crores.

Boots Company

The performance of Boots Company (India) Ltd, during 1976 has been satisfactory and the corporate objectives of reducing indebtedness and maximising profit growth were successfully accomplished. Sales, including other income, amounted to Rs 10.25 crores as compared to Rs 9.73 crores for 1975. The planned change in the product mix coupled with improved productivity, cost saving measures and rigid control on expenses in all areas of the company's operations resulted in improved profitability. The profit before tax for the year amounted to Rs 109.83 lakhs representing an increase of 23 per cent over the pretax profit for the previous year, and the net profit after tax amounted to Rs 43.33 lakhs as against Rs 31.87 lakhs for 1975.

During the year the issued, subscribed and paid-up share capital of the company was increased to Rs 1.55 crores by the issue of 7,75,000 equity shares of Rs 10 each allotted with the approval of the Controller of Capital Issues, as fully paid bonus shares in the ratio of one for one.

The directors have also recommended payment of dividend of Rs 1.40 per share (14 per cent), subject to deduction of tax, on 15,50,000 fully paid up equity shares of Rs 10 each of the company including the bonus shares issued during the year. The proposed dividend, if approved at the an-

nual general meeting, will absorb Rs 21.70 lakhs as compared to Rs 9.30 lakhs in the earlier year.

The company's plans to set up a new chemical plant at Ahmednagar for expansion of its bulk drug manufacturing activity by undertaking local manufacture of Ibuprofen in technical collaboration with the parent company has been taken in hand. The estimated cost of the new chemical project at Ahmednagar is Rs 80 lakhs.

Land has been acquired in the MIDC industrial area at Ahmednagar for the proposed chemical factory and negotiations have been successfully carried out with the State Industrial and Investment Corporation of Maharashtra Ltd for long term loans to finance the project.

The guidelines for reduction of foreign holdings in foreign majority companies require that the company issues 25 per cent of the cost of the new chemical project, i.e. Rs 20 lakhs, as additional equity capital (inclusive of premium, if any) to Indians only. The company, therefore, proposes to issue 1,48,150 equity shares of Rs 10 each at a premium of Rs 3.50 per share to be issued for cash as rights to the resident Indian shareholders. The Controller of Capital Issues has approved the proposed issue.

Haffkine Bio-Pharmaceutical

Haffkine Bio-Pharmaceutical Corporation will soon start manufacture of commonly used formulations such as tablets, capsules and ointments by setting up a unit at Jalgaon. A separate company will be floated with the collaboration of Western Maharashtra Development Corporation.

This was announced by Mr

K.M. Patil, Maharashtra minister for Public Health, who is also the chairman of the corporation. He said HBPC had prepared a scheme for manufacturing 10 million doses of triple Antigen per annum, by a new fermentation technology. The scheme involves an expenditure of Rs 90 lakhs. While the union and state governments will bear a part of the expenses, technical assistance will be provided by World Health Organisation.

Parrys Confectionery

The working results of Parrys Confectionery Ltd for year ended September 30, 1976, after providing for all expenses and charges, including interest and profit adjustments relating to previous years, showed a loss of Rs 13.37 lakhs as against a loss of Rs 52.13 lakhs for the previous year. In view of the adverse results, no provision has been made for taxation and hence no dividend has been declared for the year.

The company has been successful in arresting the precipitous and sudden decline in its fortunes by a series of measures aimed at keeping the cost of operations at levels dictated by the severely restricted market for the company's products.

While viewing with satisfaction the reduction in costs, it should nevertheless be remembered that the viable operations of the company cannot be ensured if the market for the company's products does not grow. The roadblock in the path of the company's recovery is two-dimensional, the prices of essential raw materials and the low demand.

The operations of the Malay-

sian company are still a matter of concern to the board. Although the quality of the products produced by the company is of a good standard and acceptable to the Malaysian market, owing to keen competition from other bigger local manufacturers and imported confectionery, the efforts of the company to build up a volume of sales which can make its operations viable have not so far proved fruitful. This has also had its impact on the financial position of the Malaysian company. The possibilities of diversification are being examined with a view to resurrect the company and ensure its satisfactory operation.

The company has been making efforts to ensure the viability of its operations through several measures. Two important steps in this direction relate to sales to overseas markets and agency for distribution and sale of an allied product.

New Agency

The company has since the close of the financial year resumed its exports to the extent of Rs 2 lakhs. The company expects to gradually improve the export performance which will add to its internal sales, besides bringing in valuable foreign exchange. The company has taken up from the beginning of the current financial year the agency for the well-known 'Shangrilla' biscuits in south India. It is expected that this arrangement will prove to be of mutual advantage to both the parties. The company has also under active consideration schemes for diversification of its range of products which will yield better profit margins and help fully utilise the available capa-

city as also improvements in packing and presentation.

State Bank of India

The State Bank of India in 1976 had climbed new peaks and what is more it had set itself still bolder and more challenging goals ahead and policies to be followed all along the line in the coming years. This was stressed by the chairman, Mr T. R. Varadachary while addressing the bank's twenty-second annual general meeting.

The bank's overall performance in 1976 kept pace with the budgeted levels in all fields of activities and was far better than in 1975. The number of offices opened was 443 as against 419; the aggregate deposits increased by over 30 per cent as against over 15 per cent; advances to agriculture increased by Rs 89 crores as against Rs 64 crores; advances to small scale industries and small business units increased by Rs 88 crores as against Rs 46 crores; and lendings under the DIR scheme increased by Rs 11 crores as against Rs 4 crores.

The bank has decided in favour of a positive and sympathetic approach towards sick units. As government is a major beneficiary from various taxes from industrial establishments, it would not be inappropriate, the chairman said, to expect the government to set up a national rehabilitation fund for the revival of sick units.

The State Bank has decided to take steps to promote research and development. It is the bank's intention to develop close liaison with universities and other agencies to sponsor and support selected research projects. Similarly,

in view of the bank's developmental role, it is but proper that it takes up specific developmental activities in areas indicated by national policies. One such area is entrepreneurship. This is essential to foster self-employment and develop backward areas and the small scale sector. Similarly, the backward classes such as the scheduled castes and tribes and the handicapped persons need special attention if they are to benefit from the special lending schemes of the public sector banks. The bank accordingly has created a fund of Rs 5 crores from profits for 1976. The fund will be used for research to refine tools and techniques so as to raise the productivity of occupations of the rural people at the same time improving the amenities of their living conditions.

Expansion Programme

The State Bank has embarked upon a vigorous expansion programme overseas. A perspective plan has been prepared for opening 44 branches at important financial centres in various time zones in the world during the next three years. Apart from the profitability angle, the bank's expansion programme in foreign countries will subserve a number of national objectives. The bank's offices abroad will serve as nuclei for development of exports, provide help to Indian joint ventures overseas, recycle some of the petro-funds for use by Indian projects, and promote remittances to India by non-residents.

Nearer home, during 1976, the bank has reorganised the set-up for foreign exchange business. The most important step was the opening of four overseas branches at Bombay, Calcutta, Madras and New

Delhi, manned by trained staff. The main objective is the promotion and efficient servicing of exports and inward remittances.

News and Notes

TELCO Division of Tata Exports has just been awarded the fourth successive order for supply of 140 complete Tata buses to the Kuwait Transport Company. With this contract, the total number of Tata buses owned by Kuwait Transport Company will be five hundred.

The success of Tata Exports in this market has been primarily due to the excellent performance of Tata buses, the effective after-sales service and supply of spare parts organised by Telco and adherence to a tight delivery schedule.

Kuwait is perhaps the most competitive market in the world. The confidence and trust placed by Kuwait Transport Company in Tata buses is adequate proof of the product quality and the comprehensive backup service provided.

Apart from Tata vehicles, the other divisions of Tata Exports have exported steel, steel tubes, electrical equipment and other products to Kuwait.

New Issues

Triton Valves—a new company of professional managers—is setting up a sophisticated plant in Mysore for the manufacture of four million automobile tyre-tube valves per annum, in technical collaboration with a well-known French firm. The company expects to go into production in August-September.

The project cost is Rs 110 lakhs and it is being financed by a share capital of Rs 40 lakhs (consisting of Rs 32 lakhs equity and Rs 8 lakhs preference) plus term loans from ICICI, IFCI and KSFC

of Rs 58 lakhs and a central government subsidy of Rs 12 lakhs. The promoters are offering shortly to the public Rs 15.71 lakhs in equity and Rs 4 lakhs in preference shares. The Karnataka State Industrial Investment and Development Corporation Ltd, is participating in the project as a co-promoter with an investment of Rs 3.5 lakhs in equity capital and Rs 4 lakhs in preference shares. The company expects to declare a maiden dividend within four years.

Capital and Bonus Issues

Consent has been accorded to the following companies to raise capital. Details are as under:

M/s Metazinc Private Limited, Bombay, have been accorded consent, valid for six months, to capitalise Rs 750,000 out of its general reserve and issue fully paid equity shares of Rs 100 each as bonus shares in the ratio of one bonus share for each equity share held.

M/s Tims Products Limited, have been accorded consent valid for six months, to capitalise Rs 189,000 out of its general reserve and issue fully paid equity shares of Rs 10 each as bonus shares in the ratio of one bonus share for four equity shares held.

M/s The Rustom Jehangir Vakil Mills Co Ltd, have been accorded consent, valid for six months, to capitalise Rs 1.80 million out of its general reserve and issue fully paid equity shares of Rs 50 each as bonus shares in the ratio of one bonus share for each equity share held.

M/s Cummins Diesel Sales & Service (India) Ltd, Kothrud (Poona) have been accorded consent, valid for six months, to capitalise one million rupees

out of its general reserve and issue fully paid equity shares of Rs 100 as bonus shares in the ratio of one bonus share for each equity share held.

M/s Asbestos & Jointings Co Pvt Limited, Bombay, have been accorded consent, valid for six months, to capitalise Rs 800,000 out of its general reserve and issue 8,000 fully paid equity shares of Rs 100 each as bonus shares in the ratio of four bonus shares for five fully paid equity shares held.

M/r Karnataka Shipping Corporation Ltd, Bangalore, have been accorded consent, valid for 18 months, to the issue of 1,117,500 equity shares of Rs 10 each and 50,000, 11 per cent redeemable cumulative preference shares of Rs 100 each for cash at par.

M/s Shree Prakash Textiles (Gujarat) Pvt Ltd, have been accorded consent, valid for six months, to capitalise Rs 270,000 out of its general reserve and issue fully paid equity shares of 100 each as bonus shares in

the ratio of one bonus share for three equity shares held.

M/s L.D. Weaving Industries Private Limited, have been accorded consent, valid for six months, to capitalise Rs 600,000 out of its general reserve and issue fully paid equity shares of Rs 100 each as bonus shares in the ratio of one bonus share for each equity share held.

M/s Avon Cycles Private Limited, Ludhiana, have been accorded consent valid for six months, to capitalise Rs 905,200 out of its general reserve and issue 9,052 fully paid equity shares of Rs 100 each as bonus shares in the ratio of one bonus share for each fully paid equity share held.

M/s The Parshuram Pottery Works Co Ltd, have been accorded consent valid for six months, to capitalise Rs 1,225,000 out of its general reserve and issue fully paid equity shares of Rs 25 each as bonus shares in the ratio of one bonus share for three equity shares held.

Dividend

Name of the company	Year ended	(per cent)	
		Equity dividend declared for	
		Current year	Previous year
Higher Dividend			
Asian Cables Corporation	Dec. 31, 1976	10.0	6.0
Goodlas Nerolac	Dec. 31, 1976	25.0	20.0
Anil Starch	Dec. 31, 1976	15.0	12.0
Indian Vegetable products	Dec. 31, 1976	25.0†	20.0
Searle (India)	Dec. 31, 1976	20.0	16.0
Gokak Patel Volkart	Dec. 31, 1976	20.0**	14.0
Ugar Sugar Works	June 30, 1976	15.0	8.0
Sarswati Industrial Syndicate	Aug. 31, 1976	15.0	12.0
Same Dividend			
Amar Dye-Chem	Dec. 31, 1976	14.0*	14.0
Wheels India	Dec. 31, 1976	12.0	12.0
Dharmasi Morarji Chemical	Dec. 31, 1976	16.0†	16.0
Indian Explosives	Sept. 30, 1976	20.0	20.0

*Besides a one-for-two bonus issue. †On the enlarged capital.

**In addition to one-for-five bonus Issue.

Analysis of Lok Sabha elections

RECORDS AND STATISTICS

IN THE recent general elections to the Lok Sabha, the Bhartiya Lok Dal (BLD) secured 43.17 per cent of the total votes polled. The Indian National Congress secured only 34.54 per cent of the votes, the lowest-ever secured by the party. It had received 43.68 per cent of the votes in 1971; 40.73 per cent in 1967 and 44.72 per cent in 1962.

The maximum number of votes polled by the BLD was in Haryana where it secured 70.35 per cent followed by 68.15 per cent in Delhi; 68.03 per cent in Uttar Pradesh; 66.13 per cent in Chandigarh; 65.21 per cent in Rajasthan; 65.01 per cent in Bihar; 58.37 per cent in Himachal Pradesh; 57.95 per cent in Madhya Pradesh; 51.77 per cent in Orissa; 49.54 per cent in Gujarat; 44.44 per cent

in Pondicherry; 39.84 per cent in Karnataka; 35.78 per cent in Assam; 32.39 per cent in Maharashtra; 32.33 per cent in Andhra Pradesh; 31.81 per cent in Dadra and Nagar Haveli; 21.46 per cent in West Bengal; 17.83 per cent in Tripura; 17.67 per cent in Tamil Nadu; 14.70 per cent in Goa, Daman & Diu; 12.98 per cent in Punjab; 8.58 per cent in Manipur; 8.49 per cent in Jammu and Kashmir and 7.20 per cent in Kerala.

The Congress party secured the maximum number of votes in Lakshadweep with 58.59 per cent, followed by Andaman & Nicobar Islands 58.54 per cent; Andhra Pradesh 57.36 per cent; Karnataka 56.74 per cent; Arunachal Pradesh 56.34 per cent; Assam 50.56 per cent; Nagaland 48.32 per cent; Maha-

raashtra and Dadra & Nagar Haveli 46.93 per cent each; Gujarat 46.92 per cent; Manipur 45.31 per cent; Goa, Daman & Diu 39.98 per cent; Tripura 39.74 per cent; Himachal Pradesh 38.30 per cent; Orissa 38.18 per cent; Mizoram 37.07 per cent; Meghalaya 35.92 per cent; Punjab 35.87 per cent; Madhya Pradesh 32.50 per cent; Rajasthan 30.56 per cent; Delhi 30.15 per cent; West Bengal 29.39 per cent; Kerala 29.12 per cent; Chandigarh 28.37 per cent; Uttar Pradesh 25.04 per cent; Bihar 22.90 per cent; Tamil Nadu 22.28 per cent; Haryana 17.95 per cent and Jammu and Kashmir 15.20 per cent.

Out of a total electorate of 320 million, 60.54 per cent votes were polled this year as against 55.29 per cent in 1971; 61.33

per cent in 1967; 55.42 per cent in 1962; 47.84 per cent in 1957 and 45.67 per cent in 1952.

The BLD had contested 404 seats and captured 294 seats. Besides 19 candidates fought on the Congress(O) symbol in Tamil Nadu and Pondicherry and three were returned. The Congress had contested 493 seats and it captured 153 seats including two un-contested seats in Sikkim and Arunachal Pradesh. The score of other parties is CPI 7, CPM 22, other parties 50 including three for Congress(O) and independents 13.

This year 2,439 candidates fought the elections as against 2,784 in 1971; 2,369 in 1967; 1,985 in 1962; and 1,519 in 1957.

The analysis of the votes is given in the following table :

General Elections to Lok Sabha, 1977

Electorate	Total votes polled and percentage	No. of votes rejected and percentage	No. of valid votes polled	Party-wise total and percentage of votes polled					
				INC	BLD	CPI	CPM	Other parties	IND
1	2	3	4	5	6	7	8	9	10
Andhra Pradesh									
27,567,572	17,202,988 (62.40)	487,859 (2.89)	16,705,123	9,582,708 (57.36)	5,400,643 (32.33)	446,644 (2.67)	786,719 (4.72)	—	489,009 (2.92)
Assam									
7,223,176	3,965,448 (54.90)	142,138 (3.58)	3,823,310	1,932,994 (50.56)	1,368,058 (35.78)	54,216 (1.42)	110,085 (2.88)	—	357,957 (9.36)
Bihar									
34,906,450	21,263,845 (60.92)	388,938 (1.83)	20,874,907	4,781,242 (22.90)	13,570,930 (65.01)	1,175,203 (5.63)	42,042 (0.20)	219,980 (1.05)	1,085,510 (5.20)

—Contd.

1	2	3	4	5	6	7	8	9	10
Gujarat									
4,109,075	8,353,883 (69.24)	241,512 (2.89)	8,112,371	3,806,126 (46.92)	4,019,124 (49.54)	—	—	—	287,124 (3.54)
Haryana									
5,766,654	4,224,405 (73.26)	75,861 (1.80)	4,148,544	744,862 (17.95)	2,918,446 (70.35)	25,289 (0.61)	1,118 (0.03)	192,867 (4.65)	265,962 (6.41)
Himachal Pradesh									
1,467,600	902,107 (61.47)	22,929 (2.54)	879,178	336,760 (38.30)	513,177 (58.37)	15,709 (1.79)	—	—	13,532 (1.54)
Jammu & Kashmir									
2,488,815	1,433,737 (57.61)	52,910 (3.69)	1,380,827	209,941 (15.20)	117,198 (8.49)	—	—	483,192 (34.99)	570,496 (41.32)
Karnataka									
16,820,844	10,608,037 (63.06)	326,213 (3.08)	10,281,824	5,833,567 (56.74)	4,096,690 (39.84)	35,117 (0.34)	—	—	316,450 (3.08)
Kerala									
11,455,716	9,074,523 (79.21)	220,249 (2.43)	8,854,274	2,578,708 (29.12)	637,206 (7.20)	919,359 (10.38)	1,799,261 (20.32)	2,152,059 (24.31)	767,681 (8.67)
Madhya Pradesh									
22,780,389	12,502,791 (54.88)	700,396 (5.60)	11,802,395	3,835,805 (32.50)	6,839,738 (57.95)	61,590 (0.52)	—	153,980 (1.30)	911,283 (7.73)
Maharashtra									
28,844,061	17,414,823 (60.38)	513,474 (2.95)	16,901,349	7,932,267 (46.93)	5,474,987 (32.39)	113,717 (0.67)	601,158 (3.56)	1,730,193 (10.24)	1,049,027 (6.21)
Manipur									
784,241	473,895 (60.20)	8,554 (1.80)	465,341	210,851 (45.31)	39,924 (8.58)	53,506 (11.50)	—	109,130 (23.45)	51,930 (11.16)
Meghalaya									
530,326	264,544 (49.88)	10,498 (3.97)	254,046	91,255 (35.92)	—	—	—	—	162,791 (64.08)
Nagaland									
473,257	250,016 (52.83)	8,862 (3.54)	241,154	116,527 (48.32)	—	—	—	124,627 (51.68)	—
Orissa									
12,643,927	5,603,830 (44.32)	210,036 (3.75)	5,393,794	2,059,490 (38.18)	2,792,146 (51.77)	169,890 (3.15)	106,960 (1.98)	45,972 (0.85)	219,336 (4.07)
Punjab									
7,520,990	5,519,147 (73.38)	112,645 (2.04)	5,406,502	1,939,530 (35.87)	701,553 (12.98)	87,032 (1.61)	276,973 (5.12)	2,193,437 (40.57)	207,977 (5.85)
Rajasthan									
15,236,473	8,672,720 (56.92)	269,262 (3.10)	8,403,458	2,568,232 (30.56)	5,479,837 (65.21)	40,418 (0.48)	31,708 (0.38)	—	283,263 (3.37)

—Contd.

1	2	3	4	5	6	7	8	9	10
Tamil Nadu									
27,285,686	18,251,512 (66.89)	391,675 (2.15)	17,859,837	3,977,306 (22.28)	3,156,116 (17.67)	822,233 (4.60)	279,081 (1.56)	8,688,395 (48.65)	936,706 (5.24)
Tripura									
866,027	606,797 (70.07)	18,643 (3.07)	588,154	233,718 (39.74)	104,858 (17.83)	13,180 (2.24)	200,482 (34.09)	35,916 (6.10)	—
Uttar Pradesh									
51,943,691	29,332,411 (56.48)	618,654 (2.11)	28,713,747	7,190,380 (25.04)	19,530,439 (68.03)	316,387 (1.10)	29,045 (0.10)	78,335 (0.27)	1,569,171 (5.46)
West Bengal									
25,411,045	15,123,244 (59.51)	441,345 (2.92)	14,681,899	4,314,352 (29.39)	3,151,318 (21.46)	952,997 (6.49)	3,839,091 (26.15)	804,967 (5.48)	1,619,174 (11.03)
Andaman & Nicobar Islands									
85,290	60,590 (76.34)	22 (0.04)	60,568	35,400 (58.45)	—	—	—	—	25,168 (41.55)
Arunachal Pradesh									
93,770	52,764 (56.27)	2,074 (3.93)	50,690	28,557 (56.34)	—	—	—	—	22,133 (43.66)
Chandigarh									
160,963	108,494 (67.40)	1,413 (1.30)	107,081	30,382 (28.37)	70,808 (66.13)	2,481 (2.32)	—	—	3,410 (3.18)
Dadra and Nagar Haveli									
37,532	25,706 (83.19)	1,575 (6.13)	24,131	11,324 (46.93)	7,678 (31.81)	—	—	—	5,129 (21.26)
Delhi									
2,544,577	1,816,375 (71.38)	18,380 (1.01)	1,797,995	541,145 (30.15)	1,225,289 (68.15)	6,407 (0.36)	—	—	24,154 (1.34)
Goa, Daman and Diu									
477,404	299,786 (62.80)	6,740 (2.25)	293,046	117,150 (39.98)	43,069 (14.70)	—	—	118,748 (40.52)	14,079 (4.80)
Lakshadweep									
19,471	16,480 (84.64)	94 (0.57)	16,386	9,600 (58.59)	—	—	—	—	6,786 (41.41)
Mizoram									
204,480	102,075 (49.92)	1,350 (1.32)	100,725	37,342 (37.07)	—	—	—	—	63,383 (62.93)
Pondicherry									
298,192	219,560 (73.63)	3,316 (1.51)	216,244	—	96,101 (44.44)	—	—	115,302 (53.32)	4,841 (2.24)
320,050,694	193,746,527 (60.54)	5,307,617 (2.74)	188,438,910	65,088,520 (34.54)	81,355,333 (43.17)	5,310,775 (2.82)	8,103,723 (4.30)	17,247,100 (9.15)	11,333,459 (6.02)

World population growth most rapid in Africa

THE WORLD'S population reached 3,967 million in mid-1975, an increase of 77 million in one year, according to the latest United Nations *Demographic Yearbook*.* The figure represents a 1.9 per cent annual growth rate which, if maintained, will double world population in 37 years, by the year 2011.

Among other statistics in the 1118-page yearbook:

—Life expectancy in Norway is the highest in the world, 77.6 years for females at birth, with a total of 14 countries recording an expectation of life of over 75 years for females and eight nations showing over 70 years for males;

—Nearly eight out of every ten persons in the world live in the 25 most populous nations; and

—Ten nations of more than 200,000 population have an infant mortality rate of less than 15 per 1000 live births, while eight nations record a rate of over 60 deaths per 1000 live births.

This issue of the *Demographic Yearbook* contains the latest statistics on population

size, natality, mortality, marriage and divorce for over 200 countries or areas of the world. Urban and rural components of most statistics are shown wherever possible. Four new tables appear in this issue. One of these, showing maternal deaths and maternal mortality rates, will appear regularly in future issues.

Special Topic

As in the past, the *Demographic Yearbook* 1975 features a special topic; in this issue it is natality. Thirty-three tables are devoted to this subject. These include detailed data on natality by age of mother, by birth order and by age of father; data on live births by type, weight and gestational age and data on legitimate fertility by age of parents and duration of marriage. Also included in the special topic section are tables on foetal mortality, legally induced abortions and female population by number of children. Among these, three tables that present selected derived measures of natality, live births by birth weight and live births by gestational age, are appearing for the first time.

Breaking down world population (3,967 million) by regions, the yearbook shows that, according to latest figures, the 2,256 million people living in Asia constitute more than half (56.9 per cent) of all the people in the world. Each of the

remaining regions has a much smaller proportion of the total, with 473 million (11.9 per cent) living in Europe, 401 million (10.1 per cent) in Africa, 324 million (8.2 per cent) in Latin America, 255 million (6.4 per cent) in the Soviet Union, 237 million (6.0 per cent) in Northern America and 21.3 million (0.5 per cent) in Oceania.

On a regional basis, the most rapid increase in the world's population is taking place in Africa. Rates of population growth are two per cent or more in 40 out of 47 countries or areas of Africa for which data are available and 10 of these are experiencing levels of three per cent or more. In

Europe, on the other hand, 26 out of 37 countries or areas report an increase of less than one per cent. In fact, three of these report a negative rate reflecting a decrease in population for the reporting period. Countries or areas of north and south America exhibit a wide range of growth levels, both high and low, while Asia and Oceania are generally high (33 countries or areas in Asia report rates of two per cent or more and 14 of these have rates of three per cent or more). In the Soviet Union, rates are less than one per cent.

Eight of the ten highest crude birth rates in the world are found in Africa. Among

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* *Demographic Yearbook* 1975: Sales No. E/F. 76.XIII.1; price US\$42.00 clothbound -(US\$34.00 paperbound), or equivalent in other currencies; may be ordered from the Sales Section, United Nations, New York or Geneva, or through major booksellers throughout the world.

countries or areas with 200,000 or more population, the highest birth rates are in Senegal and Niger (about 55 births per 1,000 population) followed by Zambia (52), Togo (51) and Mali, Rwanda, Benin, Liberia, Yemen and Democratic Yemen (all with 50). Austria reports the lowest crude birth rate (12.3) followed by Belgium (12.7), the United States (14.7), Canada (15.4), Singapore (17.8), Japan (18.6), Barbados (18.9), Uruguay (19.1), Hong Kong (19.3) and the Netherlands Antilles (20.0).

Another measure of natality is the net reproduction rate which provides an indication of whether or not enough births are occurring within a population to maintain its current size. Over the long-run and in the absence of international migration, a net reproduction rate of 1.0 implies zero population growth. A rate greater than 1.0 would indicate that a population would increase in size and one less than 1.0 would indicate population decrease, assuming current child-bearing and mortality patterns remain unchanged.

Reproduction Rate

Among countries or areas of 200,000 or more population, the highest net reproduction rate (3.3) is reported for Kuwait. This is followed by Surinam (3.0), Dominican Republic and Mexico (2.8), Honduras and Syrian Arab Republic (2.7), Lebanon, Thailand, Paraguay and Jordan (all 2.6).

The lowest net reproduction rate is reported for Finland (0.709). This is followed by German Federal Republic (0.710), German Democratic Republic (0.732), Luxembourg (0.733), Switzerland (0.822), Netherlands (0.843), Belgium

(0.878), the US (0.879), Sweden (0.899) and Austria (0.907).

One of the new tables appearing in this issue of the yearbook presents data on maternal death and maternal mortality rates. Among countries or areas with 200,000 or more population, the lowest maternal mortality rates are found in Europe. Sweden has the very lowest rate (2.7 maternal deaths per 100,000 live births). This is equivalent to approximately one maternal death for every 37,000 live births. After Sweden, the lowest maternal mortality rates are for Denmark (2.8), Norway (3.3), Finland (7.0), Ireland (8.8) and Puerto Rico (10.2).

Maternal Mortality

Of the countries or areas for which reliable birth and death statistics were available, Reunion has the highest maternal mortality rate (198). A maternal mortality rate of 200 implies one maternal death for each 500 live births. After Reunion, the highest maternal mortality rate is for Sri Lanka (179.3), followed by Argentina (159.1), Guatemala (136.6), Jamaica (128.3), Bahamas (114.1) and Mexico (110.8).

Western European countries and Japan continued to record the lowest infant mortality rates (less than 15 deaths per 1,000 live births), according to the yearbook. By contrast, eight countries in Africa and Latin America reported rates of 60 deaths or more per 1,000 live births. The 20 lowest infant mortality rates for countries or areas of 200,000 population or more are: Sweden (1975) 8.3; Finland (1974) 10.2; Norway (1974) 10.5; Netherlands (1975) 10.6; Japan (1974) 10.8; Iceland (1975) 11.1; Denmark (1975) 11.5; France (1974) 12.1; Switzerland (1974) 12.5; Spain (1974) 13.1; Singa-

pore (1975) 13.9; Luxembourg (1975) 14.8; Canada (1974) 15.0; England and Wales (1970) 15.8; German Democratic Republic (1974) 15.9; Belgium (1974) 16.2; New Zealand (1973) 16.2; Australia (1973) 16.5; Byelorussian SSR (1974) 16.6; USA (1974) 16.7.

The countries or areas with 200,000 or more population reporting 60 or more infant deaths per 1,000 live births are: Burundi (1970-71) 150.0; Cape Verde (1974) 78.9; Chile (1971) 77.8; Guatemala (1973) 81.2; Lesotho (1974) 114.4; Liberia (1971) 159.2; Malawi (1971-72) 142.1; Rwanda (1970) 132.8.

Female infants in Norway enjoy the longest life expectancy in the world, 77.60 years, according to the yearbook. Thirteen other countries or areas—Sweden, Netherlands, France, Canada, Japan, Denmark, Iceland, Switzerland, Puerto Rico, Byelorussian SSR, the United States, England and Wales and Hong Kong—also recorded a female life expectancy at birth of more than 75 years.

Life Expectancy

Sweden recorded the longest expectation of life for males, 72.11 years, with seven other nations—Norway, Netherlands, Japan, Denmark, Iceland, Switzerland and Israel—registering a male life expectancy at birth of more than 70 years.

Most African countries or areas show an expectation of life at birth of less than 50 years (19 less than 40 years, 20 from 40 to 49 years, and nine over 50 years). In the Americas, Europe, the Soviet Union and Oceania, however, the majority of countries or areas record an expectation of life of 60 years or more. All the countries or areas of Europe fall into this group.

Twenty-seven of the 42 countries or areas of the Americas are also in this category, along with five of the six countries or areas of Oceania for which data are available.

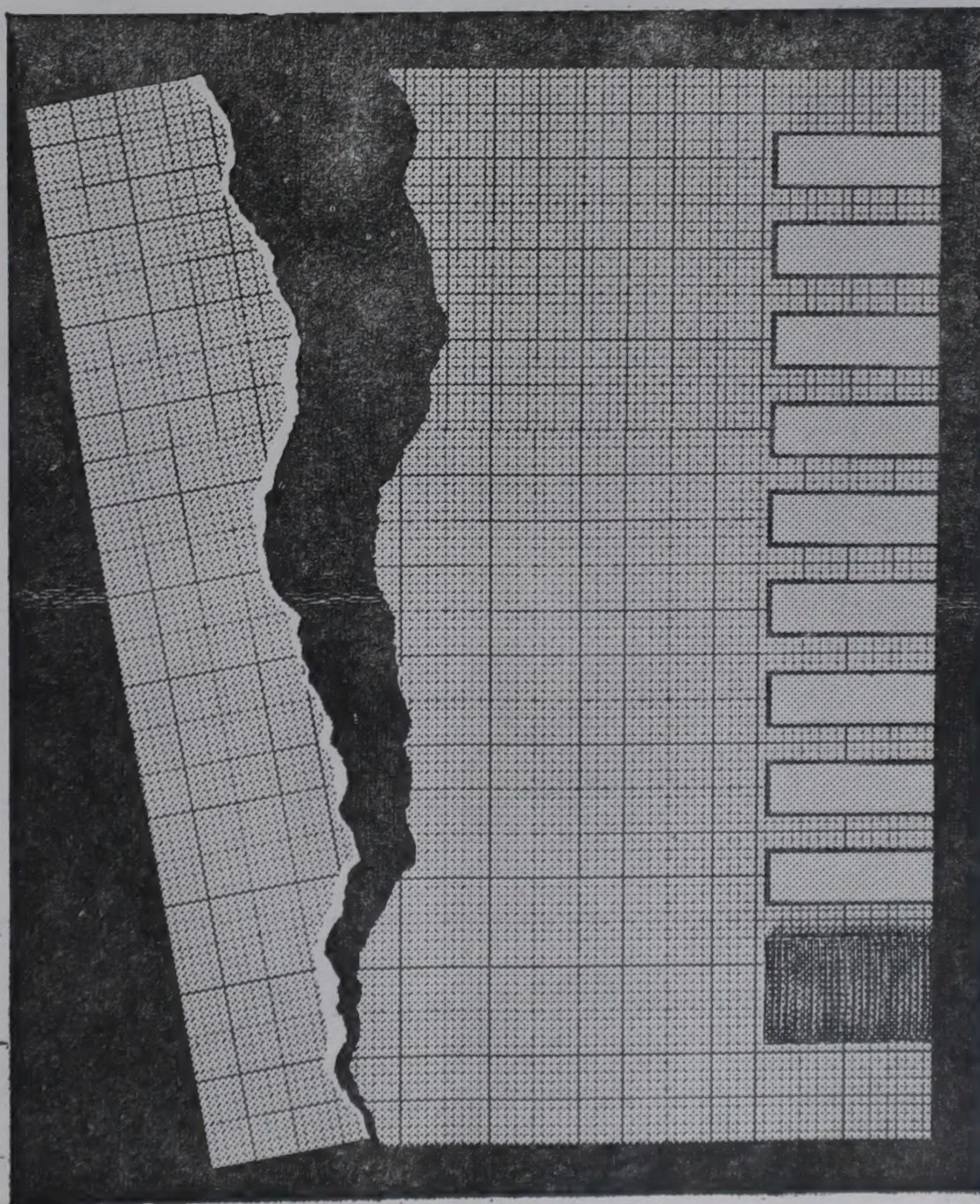
The 25 most populous countries or areas in 1975, in rank order by size of population, are shown as follows: China, India, USSR, USA, Indonesia, Japan, Brazil, Bangladesh, Pakistan, Nigeria, Federal Republic of Germany, Mexico, United Kingdom, Italy, France, Philippines, Thailand, Turkey, Egypt, Spain, Poland, Republic of Korea, Iran, Ethiopia, South Africa.

Source of Information

The statistics presented in the *Demographic Yearbook* are, for the most part, official data assembled by the Statistical Office of the United Nations from monthly and annual questionnaires, from official government publications and from correspondence with the national statistical services or other appropriate governmental offices. Some estimates included in the yearbook are prepared by the United Nations Population Division.

The *Demographic Yearbook* is prepared by the Statistical Office of the United Nations. The 1975 edition, which updates previous editions, is the twenty-seventh in a series which began in 1948. It should be emphasized that, though based on official data received from the various countries or areas of the world, supplemented by estimates made by the United Nations Population Division, data presented are, in some cases, of questionable reliability. The qualifications which pertain to the data are displayed prominently in the yearbook. There are also extensive notes which explain the limitation of the data.

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